

OFFICIAL STATEMENT DATED FEBRUARY 5, 2014

New Issue

S&P Insured Rating: "AA-" (Stable Outlook) (AGM Insured)

Subject to compliance by the County with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but is taken into account in computing the corporate alternative minimum tax. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS" herein for a more complete discussion. The County has designated the Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exemption provided by Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

THE COUNTY OF UNION, ILLINOIS \$2,040,000 General Obligation Refunding Limited Bonds, Series 2014

Dated: Date of Delivery

Due: As Shown on the Inside Cover

The \$2,040,000 General Obligation Refunding Limited Bonds, Series 2014 (the "Bonds") are being issued by The County of Union, Illinois (the "County"). Hometown National Bank, LaSalle, Illinois, will act as the Paying Agent, Bond Registrar and Escrow Agent for the Bonds (the "Paying Agent" and "Bond Registrar"). The Bank of New York Mellon Trust Company N.A., St. Louis, Missouri, will act as the Tax Escrow Agent for the Bonds (the "Tax Escrow Agent"). Interest on the Bonds is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2014. Interest on the Bonds is payable to the registered owners of record appearing on the registration books maintained by the Bond Registrar on behalf of the County for such purpose at the designated corporate trust office of the Bond Registrar as of the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding the applicable interest payment date (the "Record Date"). The Bonds will be issued using a global book-entry only system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. Individual purchases will be made in book-entry form only in denominations of \$5,000 principal amount or any authorized integral multiple thereof.

PURPOSE AND SECURITY

The Bonds are being issued to (i) advance refund certain of the County's General Obligation Self-Insurance Bonds (Alternate Revenue Source), Series 2006 (the "Prior Bonds") and (ii) pay costs of issuance of the Bonds. See "**THE BONDS – Authority and Purpose**" herein.

In the opinion of Evans, Froehlich, Beth & Chamley, Champaign, Illinois, Bond Counsel, the Bonds are general obligations of the County for which its full faith and credit have been irrevocably pledged and are payable from ad valorem taxes to be levied on all taxable property within the County (the "**Levied Taxes**") without limitation as to rate, but limited as to amount for the Bonds as "limited Bonds". See "**THE BONDS – Limited Bonds**" herein. The County and its officers will comply with all present and future applicable laws in order to assure that the Levied Taxes be levied, extended, collected and initially deposited into the Tax Escrow Account (defined herein), for transfer to the Paying Agent for the Bonds, all as provided in the Bond Ordinance and the Tax Escrow Agreement (the "Tax Escrow Agreement") executed by and among the County, the County Treasurer and the Tax Escrow Agent. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See "**THE BONDS – Security**" herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP. ("AGM"). See the heading "**BOND INSURANCE**" and **APPENDIX D**, herein.



OPTIONAL REDEMPTION

The Bonds maturing on and after December 1, 2025 are subject to optional redemption, as a whole or in part, on any date on and after December 1, 2024 at a price of par plus accrued interest to the redemption date. See "**THE BONDS – Optional Redemption**" herein.

THE COUNTY HAS DESIGNATED THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" PURSUANT TO SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

The Bonds are offered subject to prior sale, when, as and if issued by the County and accepted by the Underwriter, and subject to the approval of the legality by Evans, Froehlich, Beth & Chamley, Champaign, Illinois, Bond Counsel. Ice Miller LLP, Chicago, Illinois, will serve as Disclosure Counsel for the County. Certain legal matters will be passed upon for the Underwriter by Ungaretti & Harris LLP, Chicago, Illinois. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about February 20, 2014.

BERNARDISECURITIES
MUNICIPAL BOND SPECIALISTS

MATURITIES, INTEREST RATES, YIELDS AND CUSIPS
THE COUNTY OF UNION, ILLINOIS
\$2,040,000 General Obligation Refunding Limited Bonds, Series 2014

<u>Due December 1,</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> ⁽¹⁾
2014	\$120,000	2.00%	0.85%*	906179DL7
2015	140,000	2.00%	1.00%*	906179DM5
2016	145,000	2.00%	1.15%*	906179DN3
2017	145,000	2.00%	1.45%*	906179DP8
2018	150,000	2.50%	1.85%*	906179DQ6
2019	155,000	2.50%	2.30%*	906179DR4
2020	160,000	3.50%	2.80%*	906179DS2
2021	165,000	3.50%	3.10%*	906179DT0
2022	170,000	3.60%	3.60%	906179DU7
2023	175,000	3.85%	3.85%	906179DV5
2024	185,000	4.00%	4.00%	906179DW3
2025	190,000	4.10%	4.10%	906179DX1
2026	140,000	4.20%	4.20%	906179DY9

(1) CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc.

* Premium bonds. See "**TAX MATTERS**" herein for more information.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this Official Statement, may be supplemented or corrected by the County from time to time (collectively, the “Official Statement”), and shall be treated as a near final Official Statement with respect to the Bonds described herein.

This Official Statement should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports, or other documents are referred to herein, reference should be made to such statutes, reports, or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

No dealer, broker, salesman or other person has been authorized by the County or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County and from other sources that are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date as of which information is given in this Official Statement.

The information contained in this Official Statement has been furnished by the County and by DTC and other sources, which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness by and is not to be construed as a representation of the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the County’s beliefs as well as assumptions made by and information currently available to the County. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “Bond Insurance” and “Exhibit D - Specimen Municipal Bond Insurance Policy”.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE BOND ORDINANCE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939 IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE CRIMINAL OFFENSE.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE BONDS. SPECIFICALLY, THE UNDERWRITER MAY OVERALLOT BONDS IN CONNECTION WITH THE OFFERING, AND MAY BID FOR, AND PURCHASE, THE BONDS IN THE OPEN MARKET. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS.

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified to their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included in this Official Statement they will be furnished by the County on request.

THE COUNTY OF UNION, ILLINOIS

309 W. Market Street
Room 116
Jonesboro, Illinois 62952

COUNTY BOARD CHAIRMAN

Don Denny

COUNTY BOARD VICE-CHAIRMAN

Richard Cunningham

COUNTY BOARD OF COMMISSIONERS

Dale Russell

Max Miller

Danny Hartline

COUNTY CLERK

Terry Bartruff

COUNTY TREASURER

Darren Bailey

STATE'S ATTORNEY

Tyler R. Edmonds
Jonesboro, Illinois

BOND COUNSEL

Evans, Froehlich, Beth & Chamley
Champaign, Illinois

DISCLOSURE COUNSEL

Ice Miller LLP
Chicago, Illinois

UNDERWRITER'S COUNSEL

Ungaretti & Harris LLP
Chicago, Illinois

UNDERWRITER

Bernardi Securities, Inc.
Chicago, Illinois

BOND ISSUE SUMMARY

This Bond issue summary is expressly qualified by the entire Official Statement which should be reviewed in its entirety by potential investors.

Issuer:	The County of Union, Illinois.
Issue:	\$2,040,000 General Obligation Refunding Limited Bonds, Series 2014.
Dated Date:	Date of Delivery.
Interest Due:	Interest on the Bonds is payable to registered owners as of the Record Date, semiannually on June 1 and December 1, commencing December 1, 2014.
Principal Due:	Serially, maturing on December 1, 2014 through December 1, 2026.
Purpose:	The Bonds are being issued to (i) advance refund certain of the County's General Obligation Self-Insurance Bonds (Alternate Revenue Source), Series 2006 (the "Prior Bonds") and (ii) pay costs of issuance of the Bonds. See "THE BONDS – Authority and Purpose" herein.
Security:	The Bonds are general obligations of the County for which its full faith and credit have been irrevocably pledged and are payable from ad valorem taxes to be levied on all taxable property within the County (the "Levied Taxes") without limitation as to rate, but limited as to amount for the Bonds as "limited Bonds". See "THE BONDS – Limited Bonds" herein. The County and its officers will comply with all present and future applicable laws in order to assure that the Levied Taxes be levied, extended, collected and initially deposited into the Tax Escrow Account (defined herein), for transfer to the Paying Agent for the Bonds, all as provided in the Bond Ordinance and the Tax Escrow Agreement (the "Tax Escrow Agreement") executed by and among the County, the County Treasurer and the Tax Escrow Agent. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See "THE BONDS – Security" herein.
Limited Bonds:	The Bonds shall be issued as "limited bonds" under the provisions of Section 15.01 of the Local Government Debt Reform Act, and as such it is not necessary to submit the proposition of the issuance of the Bonds to the voters of the County for approval. The Bonds shall be direct and general obligations of the County, and the County shall be obligated to levy ad valorem taxes upon all the taxable property within the County's corporate limits for the payment of the Bonds and the interest thereon, without limitation as to rate, but limited as to amount, under such Section 15.01. Although the Bonds constitute general obligations of the County and no limit exists on the rate of such direct annual Levied Taxes, the amount of such Levied Taxes is limited by the provisions of the Property Tax Extension Limitation Law of the State of Illinois, as amended. See "THE BONDS – Limited Bonds" and "PROPERTY ASSESSMENT AND TAX INFORMATION – Illinois Property Tax Extension Limitation Law" herein for more information.
Optional Redemption:	The County may, at its option, redeem the Bonds maturing on and after December 1, 2025 prior to maturity in whole or in part in authorized integral multiples of \$5,000 principal amount from such maturities, or in such order of maturity, as shall be specified by the County (but in inverse order of maturity if there is no such specification) and selected by lot within a single maturity, on any date on and after December 1, 2024, at a redemption price equal to the principal amount to be redeemed plus interest accrued to the redemption date. See "THE BONDS – Optional Redemption" herein.

**Paying Agent/Bonds
Registrar/Escrow
Agent:**

Hometown National Bank, LaSalle, Illinois will act as the Paying Agent and Bond Registrar for the Bonds (the "Paying Agent" and "Bond Registrar") and Escrow Agent for the Prior Bonds.

Tax Escrow Agent:

The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri.

Bank Qualification:

The County has designated the Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exception of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "**QUALIFIED TAX-EXEMPT OBLIGATIONS**" herein.

Investment Rating:

"AA-" (stable outlook) based upon a municipal bond insurance policy to be issued by Assured Guaranty Municipal Corp. ("AGM"). See "**INVESTMENT RATING**" herein.

Bond Insurance:

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. ("AGM"). See the heading "**BOND INSURANCE**" and **APPENDIX D** herein.

Tax Exemption:

Evans, Froehlich, Beth & Chamley, Champaign, Bond Counsel will provide an opinion as to the legality and certain matters related to the tax treatment of the Bonds as discussed under "**TAX MATTERS**" in this Official Statement.

Underwriter:

Bernardi Securities, Inc., Chicago, Illinois.

Statement of Long-Term Bonded Indebtedness

(as of February 6, 2014)

	Amount	Per Capita (2010 pop. <u>17,808</u>)	Percent of Equalized Assessed <u>Valuation</u>	Estimated <u>True Value</u>
Equalized Assessed Valuation, 2012	\$ 186,240,505	\$ 10,458	100.00%	33.33%
Estimated True Value, 2012	558,721,515	31,375	300.00%	100.00%
Direct General Obligation Bonded Debt	15,910,000	893	8.54%	2.85%
Less: Self-Supported Debt ⁽¹⁾	<u>(13,870,000)</u>	<u>(779)</u>	<u>(7.45%)</u>	<u>(2.48%)</u>
Total Direct General Obligation Debt ⁽²⁾	2,040,000	115	1.10%	0.37%
Total Overlapping Bonded Debt	<u>8,842,193</u>	<u>497</u>	<u>4.75%</u>	<u>1.58%</u>
Total Direct & Overlapping Debt	\$ 10,882,193	\$ 611	5.84%	1.95%

(1) Pursuant to Illinois law, self-supporting bonds do not count against the County's overall 2.875% statutory debt limitation, unless the County fails to abate the property tax levies made for the payment thereof.

(2) Under applicable law, self-insurance bonds generally do not count against the County's debt limit. However, since the issuance of the Prior Bonds, as alternate bonds, the County has levied taxes to pay the principal and interest on the Prior Bonds. The Prior Bonds are characterized as debt for the purposes of the County's legal debt limit. Although this may be a default under the County's bond ordinance covenants for the Prior Bonds, it is not a payment default. The Bonds will be general obligation refunding limited bonds and thus count against the County's debt limit.

Source: Union County Clerk's Office.

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OFFICIAL STATEMENT
THE COUNTY OF UNION, ILLINOIS
\$2,040,000 General Obligation Refunding Limited Bonds, Series 2014

INTRODUCTION

This Official Statement, including the cover page and Appendices hereto, is provided by The County of Union, Illinois (the "County"), to furnish information in connection with its issuance of \$2,040,000 General Obligation Refunding Limited Bonds, Series 2014 (the "Bonds").

Brief descriptions of the Bonds and the County are included in this Official Statement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the authorizing ordinance for the Bonds, adopted on January 10, 2014 (the "Bond Ordinance"), and any other documents are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the forms thereof included in the Bond Ordinance.

THE BONDS

Authority and Purpose

The Bonds are issued pursuant to the Counties Code (55 ILCS 5/1-1001 *et seq.*), the Local Government Debt Reform Act (30 ILCS 350/1 *et seq.*, including without limitation particularly Section 15.01 thereof concerning "limited bonds", the Property Tax Extension Limitation Law (35 ILCS 200/18-185 *et seq.*), the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10/1-101 *et seq.*), the Intergovernmental Cooperation Act (5 ILCS 220/1 *et seq.*), and Section 10 (Intergovernmental Cooperation) of Article VII (Local Government) of the Constitution of the State of Illinois, the Registered Bond Act (30 ILCS 310/1), the Illinois Bond Replacement Act (30 ILCS 315/1 *et seq.*) and the Bond Authorization Act (30 ILCS 305/0.01 *et seq.*) (collectively, as supplemented and amended, the "Acts"), and pursuant to the Bond Ordinance.

The Bonds are being issued to (i) advance refund certain of the County's General Obligation Self-Insurance Bonds (Alternate Revenue Source), Series 2006 (the "Prior Bonds") and (ii) pay costs of issuance of the Bonds. See "**THE REFUNDING PLAN**" herein.

Security

The Bonds are general obligations of the County for which its full faith and credit have been irrevocably pledged and are payable from ad valorem taxes to be levied on all taxable property within the County (the "Levied Taxes") without limitation as to rate, but limited as to amount as "limited bonds". The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

The County covenants and agrees with the Bondholders that so long as any of the Bonds remain outstanding and unless and to the extent that moneys are then irrevocably on deposit in the Debt Service Fund (defined herein), the County will take no action or fail to take any action which in any way would adversely affect the ability of the County to levy and collect the foregoing Levied Taxes. The County and its officers will comply with all present and future applicable laws in order to assure that the Levied Taxes shall be levied, extended, collected and deposited into the Tax Escrow Account, for transfer to the Paying Agent for the Bonds, all as provided in the Bond Ordinance and the Tax Escrow Agreement (the "Tax Escrow Agreement") executed by and among the County, the County Treasurer and The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri (the "Tax Escrow Agent"). Such Levied Taxes when received by or on behalf of the County shall be directly deposited into the Tax Escrow Account.

The Tax Escrow Agreement for the Bonds requires that the Levied Taxes when collected, be transferred over by the County Treasurer/Collector promptly to the Tax Escrow Agent. The actual transfer of Levied Taxes to the Tax Escrow Agent is subject to the County directing its respective County Treasurer/Collector to pay the Levied Taxes to the Tax Escrow Agent pursuant to the Tax Escrow Agreement. All receipts of Levied Taxes by the Tax Escrow Agent shall be segregated, and transferred to the Paying Agent for the payment of the principal of and interest on the Bonds.

Description

The Bonds are to be dated the Date of Delivery and will mature on December 1 in each of the years and in the amounts shown on the inside cover of this Official Statement. Interest on the Bonds will be payable semiannually on June 1 and December 1, with the Bonds commencing December 1, 2014, computed on the basis of a 360-day year of twelve 30-day months.

Hometown National Bank, LaSalle, Illinois, will act as the Paying Agent and Bond Registrar for the Bonds (the "Paying Agent" and "Bond Registrar"). The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the designated payment office of the Paying Agent. The Bonds will be registered using a global book-entry only system. The Depository Trust Company (DTC), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers.

Interest on the Bonds shall be payable on each interest payment date to the registered owners of record appearing on the registration books maintained by the Bond Registrar on behalf of the County for such purpose, at the designated corporate trust office of the Bond Registrar as of the close of business on the fifteenth (15th) (whether or not a business day) of the calendar month next preceding the applicable interest payment date (the "Record Date"). Interest on the Bonds shall be paid by check or draft on County funds mailed by the Paying Agent to such registered owners at their addresses appearing on the registration books on the Record Date.

Debt Service Funds

All of the revenues collected on account of the Levied Taxes for the payment of the principal of or interest on the Bonds, including applicable amounts on deposit in the Union County Levy Abatement Subaccount, shall be deposited in one of two separate funds to be known as the “**Debt Service Fund**” and the “**Surplus Fund**”. Such revenues deposited into the Debt Service Fund are hereby allocated and set aside for the sole purpose of paying the principal of and interest on the Bonds authorized by the Bond Ordinance as and when the same shall mature and come due. There shall be deposited or credited first into the Debt Service Fund all revenues received for the payment of the principal of or interest on the Bonds on account of the Levied Taxes, or otherwise, as provided in the Bond Ordinance. To the extent the amount to be deposited in or credited to the Debt Service Fund together with the amount on deposit in the Union County Levy Abatement Subaccount (to be transferred to and deposited in or credited to the Debt Service Fund) would cause the balance in the Debt Service Fund to exceed the amount of principal and interest on the Bonds becoming due during at least the next 12 months, the County Treasurer shall next deposit or credit to the Surplus Fund the revenues received for the payment of the principal of or interest on the Bonds on account of the Levied Taxes, or otherwise.

Levied Taxes for the payment of principal of or interest on the Bonds, and any other funds to pay Bonds shall be paid over or caused to be paid over by the County to the Paying Agent no later than the last to occur of: (i) the County’s business day next following receipt; or (ii) 30 days before the interest and/or applicable principal payment date preceding the next occurring June 1 or December 1.

In the event that the County shall be required to transfer monies from other funds held by the County to pay principal and interest on the Bonds as required by the Bond Ordinance, then the County Treasurer shall reimburse the County for such amounts prior to transferring any of the revenues received from any excess Levied Taxes to the Debt Service Fund or the Surplus Fund.

Limited Bonds

The Bonds shall be issued as “limited bonds” under the provisions of Section 15.01 of the Local Government Debt Reform Act (the “Debt Reform Act”), and as such it is not necessary to submit the proposition of the issuance of the Bonds to the voters of the County for approval; and the full faith and credit of the County are irrevocably pledged to the punctual payment of the principal of and interest on the Bonds. The Bonds shall be direct and general obligations of the County, and the County shall be obligated to levy ad valorem taxes upon all the taxable property within the County's corporate limits for the payment of the Bonds and the interest thereon, without limitation as to rate, but limited as to amount, under such Section 15.01. Although the Bonds constitute general obligations of the County and no limit exists on the rate of such direct annual Levied Taxes, the amount of such Levied Taxes is limited by the provisions of the Property Tax Extension Limitation Law of the State of Illinois, as amended (the “Limitation Law”). The Limitation Law provides that the annual amount of the Levies Taxes to be extended to pay the Bonds and all other limited bonds hereafter issued by the County shall not exceed the debt service extension base (as defined in the Limitation Law) of the County (the “Base”) less the

amount extended to pay certain other non-referendum bonds heretofore and hereafter issued by the County.

The County is authorized to issue from time to time additional limited bonds payable from the Base and additional non-referendum bonds payable from property taxes unlimited as to rate or amount, as permitted by law, and to determine the lien priority of payments to be made from the Base to pay the County's limited bonds.

Notwithstanding any other provision of the Bond Ordinance, the annual amount of the Levied Taxes to be extended by the County Clerk to pay the Bonds and all other limited bonds (as defined in the Debt Reform Act) hereafter issued by the County shall not exceed the Base, determined from the County's 1996 levies for certain prior non-referendum bonds, with a "CPI" adjustment. No limit, however, exists on the rate of the direct annual tax levied as referenced in the Bond Ordinance, and the Bonds shall constitute a general obligation of the County. The amount of the Base is \$202,946.78 per year and all levies for limited bonds will be less than the Base. The Base calculations are shown below.

Union County, Illinois
Debt Service Extension Base ("DSEB") Calculations

DSEB levy year 2008	\$185,675.00
Levy year 2009 CPI increase 0.1%	185.68
DSEB levy year 2009	185,860.68
Levy year 2010 CPI increase 2.7%	5,018.24
DSEB levy year 2010	190,878.91
Levy year 2011 CPI increase 1.5%	2,863.18
DSEB levy year 2011	193,742.10
Levy year 2012 CPI increase 3.0%	5,812.26
DSEB levy year 2012	199,554.36
Levy year 2013 CPI increase 1.7%	3,392.42
DSEB levy year 2013	202,946.78
Levy year 2014 CPI increase 1.5%	3,044.20
DSEB levy year 2014	205,990.98

Limited Tax Bond Coverage

<u>Levy Year</u>	<u>Limited Tax Debt Service Ext. Base</u>	<u>Levies For Prior Bonds</u>	<u>Limited Tax Debt Service Remaining</u>	<u>Tax Levy For This Issue</u>	<u>Total Levies All Issues</u>	<u>Coverage</u>
2014	\$205,990	\$0	\$205,990	\$169,899	\$169,899	1.21
2015	205,990	0	205,990	201,528	201,528	1.02
2016	205,990	0	205,990	203,728	203,728	1.01
2017	205,990	0	205,990	200,828	200,828	1.03
2018	205,990	0	205,990	202,928	202,928	1.02
2019	205,990	0	205,990	204,178	204,178	1.01
2020	205,990	0	205,990	205,303	205,303	1.00
2021	205,990	0	205,990	204,703	204,703	1.01
2022	205,990	0	205,990	203,928	203,928	1.01
2023	205,990	0	205,990	202,808	202,808	1.02
2024	205,990	0	205,990	206,070	206,070	1.00
2025	205,990	0	205,990	203,670	203,670	1.01
2026	205,990	0	205,990	145,880	145,880	1.41

Optional Redemption

The Bonds due on and after December 1, 2025 are subject to redemption in whole or in part on any date on and after December 1, 2024, at a price of par plus accrued interest to the date of redemption. If the County redeems less than all of the Bonds, the County may redeem them in any order of maturity, and selected by lot within a maturity if less than all of the Bonds of a maturity are to be called.

Notice of Redemption

Notice of the call for any redemption identifying the Bonds, or portions of the Bonds, to be redeemed shall be given for the County by the Bond Registrar by mailing a copy of the redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner of each of the Bonds (or part thereof) to be redeemed at the address shown on the registration books, provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of Bonds as to which there was not such failure or defect. Whenever any Bond is called for redemption and prepayment as provided in the Bond Ordinance, all interest on such Bond shall cease from and after the date is fixed for its redemption, provided funds are available for its prepayment at the price specified in the Bond Ordinance.

Certain Risk Factors

Certain proceeds in connection with the Bonds are to be invested, if at all, solely and only in investments ("Qualified Tax-Exempt Investments") (i) the interest on which is not includible in gross income under Section 103 of the Code, and (ii) which are not specified private activity bonds (as defined in Section 57(a)(5)(C) of the Code, i.e., "non-AMT" bonds). Amounts in the Debt Service Fund with respect to the Bonds shall be invested only in obligations described in (i) and (ii). Not adhering to this investment restriction may cause the Bonds to become taxable.

THE SELF-INSURANCE PROGRAM

The Prior Bonds were issued in relation to the County's self-insurance program (as further described herein, see "**THE SOUTHERN ILLINOIS COUNTIES INSURANCE TRUST**"). Illinois local governmental entities, including the County, are exposed under law to certain risks of liability as municipal corporations and corporate entities while they are engaged in the performance of their governmental and proprietary functions (the "Corporate Risks"). Additionally, Illinois counties are permitted by law to assume the risk of certain liabilities and expenses of, and possible claims against, their officers and employees. The County, by ordinance, has assumed such risks within the limits provided by law (the "Assumed Risks").

The County is authorized to insure against claims and liabilities arising out of the Corporate Risks and the Assumed Risks (together, the "Combined Risks") either through commercial insurance sources or through a defined and funded self-insurance program. Due to the cost of commercially provided insurance coverage, the County Boards of the Illinois Counties of Pulaski and Union (together, all of such Counties are herein the "Participants"), established an advanced risk containment program (the "Program") to pool certain resources of the Participants to provide joint self-insurance and purchase insurance policies as permitted by the Counties Code (55 ILCS 5/1-1001 et seq.) as supplemented by the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10/1-101 et seq.), the Intergovernmental Cooperation Act (5 ILCS 220/1 et seq.), and Section 10 (Intergovernmental Cooperation) of Article VII (Local Government) of the Constitution of the State of Illinois, (as defined herein, see "**THE SOUTHERN ILLINOIS COUNTIES INSURANCE TRUST – The Program**") and, among other things, established a Contribution Account (the "Contribution Account").

THE SOUTHERN ILLINOIS COUNTIES INSURANCE TRUST

The Program

Pursuant to the Acts, the original program participants approved and executed a Trust Agreement, dated as of April 1, 1989 (as supplemented and amended, with Pulaski and Union Counties as Participants and Members the "Trust Agreement), and certain officers or employees of the Participants who have been selected to serve as trustees (the "Trustees") under the Trust Agreement. The Southern Illinois Counties Insurance Trust ("SICIT") Program established pursuant to the Trust Agreement is intended to provide limited insurance coverage for, among other things, any or all of the following categories of liabilities and risks:

1. General Liability;
2. Automotive Liability;
3. Police and Professional Liability;
4. Public Official Liability;
5. Worker's Compensation and Employer's Liability;
6. Automobile Physical Damage;
7. Property Damage; and
8. Inland Marine.

Such coverage includes joint self-insurance up to a specific dollar amount to be determined by the Trustees on an annual basis and excess insurance coverage to be purchased from commercial re-insurers above the Program's self-insurance limits.

The Program funding was originally established in 1989 with an initial Contribution Fund of \$2,500,000. For its share, the County issued \$1,210,000 initial aggregate principal amount of General Obligation Self-Insurance Bonds, Series 1989. The County's last contribution to the Program was made by its \$1,740,000 General Obligation Self-Insurance Bonds (Alternate Revenue Source), Series 2006 (the "Prior Bonds").

Dissolution of the SICIT

The Participants of the SICIT intend to dissolve the Program. The SICIT is currently in existence for the purpose of phasing out outstanding claims that originated prior to January 1, 2014. The County no longer considers itself self-insured. The County has purchased an insurance policy (Illinois Counties Risk Management Trust) (the "New Policy") through Snedeker Risk Management, Ltd., Havana, Illinois. Any claim against the County originating on or after January 1, 2014 will be applied to the New Policy. The proceeds from the sale of the Bonds will not be used to supplementally fund the SICIT. Instead, the sole purpose for the Bond proceeds is to refund the Prior Bonds.

THE REFUNDING PLAN

Bond proceeds will be used to advance refund the County's General Obligation Self-Insurance Bonds (Alternate Revenue Source) (the "Prior Bonds"), Series 2006, maturing on and after December 1, 2016, listed below:

General Obligation Self-Insurance Bonds (ARS), Series 2006

<u>Outstanding Amount</u>	<u>Maturity December 1</u>	<u>Refunded Amount</u>	<u>Redemption Price</u>	<u>Redemption Date</u>
\$ 100,000	2014	\$ -	-	At maturity
105,000	2015	-	-	At maturity
280,000	2016	280,000	100%	At maturity
300,000	2017	300,000	100%	12/1/2016
305,000	2018	305,000	100%	12/1/2016
315,000	2019	315,000	100%	12/1/2016
335,000	2020	335,000	100%	12/1/2016

Bond proceeds will be deposited with Hometown National Bank, LaSalle, Illinois, as Escrow Agent for the Prior Bonds, under an Escrow Agreement, and used to pay the redemption price of the Prior Bonds on the December 1, 2016 redemption date. Remaining Bond proceeds will be used to pay the costs of issuing the Bonds.

Certain Verifications

Dunbar, Breitweiser & Co., LLP, Bloomington, Illinois, independent certified public accountants (the "Verifier"), upon delivery of the Bonds, will deliver to the County, Bond Counsel and the

Underwriter a report stating that the Verifier has reviewed the mathematical accuracy of certain computations based on certain assumptions relating to (1) the sufficiency of the initial deposit of cash and principal and interest received from the Government Securities held in escrow by the Escrow Agent to meet the timely payment of the principal of, interest on and redemption price of the Prior Bonds when due and (2) the actuarial yields on the Bonds and the Government Securities, such computations with respect to such yields to be used to support the opinion of Bond Counsel regarding the tax-exempt status of the Bonds. The Verifier will express no opinion on the attainability of any such assumptions or the tax-exempt status of the Bonds.

REGISTRATION, TRANSFER AND EXCHANGE

See also **Appendix A, “BOOK-ENTRY FORM”** for information on registration, transfer and exchange of book-entry Bonds.

The County shall cause books (the “Bond Register”) for the registration and for the transfer of the Bonds to be kept at the designated corporate trust office of the Bond Registrar.

For provisions applicable to the Bonds while they are in the Book-Entry System, see APPENDIX A. Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Bond Ordinance. Upon surrender for transfer or exchange of any Bond at the designated corporate trust office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such registered owner's attorney duly authorized in writing, the County shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denomination, for a like aggregate principal amount. The execution by the County of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less Bonds previously retired.

The Bond Registrar shall not be required to exchange or transfer any Bond during the period from the fifteenth (15th) day of the calendar month next preceding any interest payment date, to such interest payment date, nor to transfer or exchange each Bond after notice calling such Bond for repayment an redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of repayment and redemption of any Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of, premium if any, and or interest on any Bonds shall be made only to or upon the order of the registered owner thereof or such registered owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the County or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental

charge that may be imposed in connection with any transfer or exchange of Bonds, except in the case of issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

SOURCES AND USES OF FUNDS

Bonds

Sources of Funds:

Par Amount of Bonds.....	\$ 2,040,000.00
Reoffering Premium.....	<u>27,313.75</u>
Total Sources of Funds	\$ 2,067,313.75

Uses of Funds:

Deposit to Escrow Account	\$ 1,951,245.98
Costs of Issuance ⁽¹⁾	<u>116,067.77</u>
Total Uses of Funds	\$ 2,067,313.75

(1) Costs of Issuance include underwriter's discount, bond insurance fees, counsel fees, and other costs associated with the issuance of the Bonds.

UNION COUNTY

General

The County of Union is located in southern Illinois, approximately 145 miles southeast of Saint Louis, Missouri and 350 miles south of the City of Chicago. Union County is primarily rural. The County encompasses a land area of approximately 416 square miles. The County has an economic base that includes government, farming, retail trade and service industries. The City of Jonesboro is the County Seat and the City of Anna is the largest municipality in the County.

The County is intersected by Interstate Highways 57, Illinois Route 127, and United States Route 51 all of which provide north and south access. Interstate Highway 57 connects with Chicago approximately 350 miles northeast of the County. Illinois State Route 146 provides east and west access.

Air transportation is provided by Williamson County Regional Airport, approximately 20 miles for most County residents. The Williamson County Regional Airport is a public airport having 24-hour/7-day weekly line service from two commercial carriers. The longest runway is 6,500 feet.

Government

The County is governed by a five (5) member Board of Commissioners (the "County Board"), whose members are elected for six year staggered terms. The County Chairman is elected by the County Board members and is the Presiding Officer of the County Board. Elected County officials include the County Clerk and Recorder, Treasurer and Collector, State's Attorney, Circuit Clerk, Circuit Judges, Coroner, Sheriff and the Regional Superintendent of Education.

The County currently has approximately 83 full-time employees, of which 54 are unionized. The County also has 25 part-time non-unionized employees. The unions that represent the County employees and the expiration dates of their respective collective bargaining agreements are as follows:

<u>Union</u>	<u>Members</u>	<u>Contract Expiration</u>
Laborers Local 773	13	11/30/2014 ⁽³⁾
IFOP - Sheriff ⁽¹⁾	18	11/30/2014
Operators Local 318	12	11/30/2014
IAFF 4857 – Ambulance ⁽²⁾	11	11/30/2014

(1) "IFOP" – Illinois Fraternal Order of Police.

(2) "IAFF" – International Association of Fire Fighters.

(3) Six (6) members of Local 773 are still in contract negotiations.

Community Services

Utilities

Natural gas is provided by AMEREN, Cairo Public Utilities and distributed by municipal gas distribution systems. Electricity is provided by AMEREN/Central Illinois Public Service Co.

Water and Sewer Services

The water for the County is provided by municipally owned water systems and several water districts. Sewer collection and treatment is provided by municipally owned sewer systems and by septic systems in unincorporated areas of the County.

Telephone

Telecommunications services are provided by Frontier. Long distance service is provided by Sprint and AT&T.

Public Safety

Fire prevention and safety are provided by municipally owned fire departments. Staffing is totally comprised of full-time and part-time employees and part-time volunteers. Police protection is provided by the County Sheriff's Department and municipal police departments.

Medical Services

Acute health care services are provided by Union County Hospital, Anna, Illinois. Regional medical centers are located within 50 miles in Carbondale and Marion, Illinois, Cape Girardeau, Missouri, and Paducah, Kentucky.

Education

The public school system within the County is operated under the administration and control of the Regional Office of Education #02, which supports services for 19 school districts in Alexander, Johnson, Massac, Pulaski, and Union Counties. Within the County there are 13 Public Schools - 9 elementary and 4 high schools. There is one community college located in the County - Shawnee Community College, Village of Ullin. Southern Illinois University is located in Carbondale, Illinois and is approximately 20 miles northwest of the County.

SOCIO-ECONOMIC INFORMATION

Population Trend

	1990	2000	2010
Union County	17,619	18,293	17,808
City of Anna	4,805	5,136	4,442
City of Jonesboro	1,728	1,853	1,821
State of Illinois	11,430,602	12,419,293	12,830,632

Median Home Value

	1990	2000	Est. 2007 - 2011
Union County	\$36,700	\$59,900	\$88,200
City of Anna	37,700	57,300	79,000
City of Jonesboro	36,600	54,400	83,600
State of Illinois	80,900	130,800	198,500

Median Family Income

	1990	2000	Est. 2007 - 2011
Union County	\$24,875	\$37,710	\$51,024
City of Anna	21,550	30,912	40,913
City of Jonesboro	24,932	40,066	41,488
State of Illinois	38,664	55,545	69,658

Source: U.S. Census Bureau.

Average Annual Unemployment Rates

<u>Calendar Year</u>	<u>Union County</u>	<u>State of Illinois</u>
2008	8.8%	6.4%
2009	11.0	10.0
2010	12.1	10.4
2011	11.4	9.7
2012	11.0	8.9
2013*	10.9	8.3

* As of November, 2013.

Source: Illinois Department of Employment Security.

Largest Area Employers

<u>Employer</u>	<u>Service or Product</u>	<u>Approximate Number of Employees</u>
Illinois Department of Human Services Choate Mental Health Development Center	Psychiatric Hospital	670
Ensign-Bickford Industries, Inc.	Aerospace Technology	250
Wal-Mart Stores, Inc.	Department Store Retailer	200
Anna Hospital Corporation	Hospital	180
Shawnee C.U.S.D. 84	Educational Services	139
Anna C.C.S.D. 37	Elementary/Secondary School	122
County of Union	Government	106
Kroger Co.	Retailer- Groceries	100
Rehabilitation and Vocational Education Program Inc.	Health Care/Social Services	99
Illinois Department of Transportation	Public Transportation	98

Source: Illinois Department of Commerce and Economic Opportunity.

DEBT INFORMATION

Statement of Long-Term Bonded Indebtedness

(as of February 6, 2014)

	Amount	Per Capita (2010 pop. 17,808)	Percent of Equalized Assessed Valuation	Estimated True Value
Equalized Assessed Valuation, 2012	\$ 186,240,505	\$ 10,458	100.00%	33.33%
Estimated True Value, 2012	558,721,515	31,375	300.00%	100.00%
Direct General Obligation Bonded Debt	15,910,000	893	8.54%	2.85%
Less: Self-Supported Debt ⁽¹⁾	<u>(13,870,000)</u>	<u>(779)</u>	<u>(7.45%)</u>	<u>(2.48%)</u>
Total Direct General Obligation Debt ⁽²⁾	2,040,000	115	1.10%	0.37%
Total Overlapping Bonded Debt	<u>8,842,193</u>	<u>497</u>	<u>4.75%</u>	<u>1.58%</u>
Total Direct & Overlapping Debt	\$ 10,882,193	\$ 611	5.84%	1.95%

(1) Pursuant to the provision of the Debt Reform Act, self-supporting bonds do not count against the County's overall 2.875% statutory debt limitation, unless the County fails to abate the property tax levies made for the payment thereof.

(2) Under applicable law, self-insurance bonds generally do not count against the County's debt limit. However, since the issuance of the Prior Bonds, as alternate bonds, the County has levied taxes to pay the principal and interest on the Prior Bonds. The Prior Bonds are characterized as debt for the purposes of the County's legal debt limit. Although this may be a default under the County's bond ordinance covenants for the Prior Bonds, it is not a payment default. The Bonds will be general obligation refunding limited bonds and thus count against the County's debt limit.

Source: Union County Clerk's Office.

Legal Debt Margin

(as of February 6, 2014)

2012 Equalized Assessed Valuation (E.A.V.)	\$ 186,240,505
Statutory Debt Limit (2.875% of E.A.V.)	5,354,415
General Obligation Debt Applicable to Limitation:	
Taxable General Obligation Bonds (ARS), Series 2010A (RZEDB (Direct Payment)) ⁽¹⁾	1,070,000
Taxable General Obligation Bonds (ARS), Series 2010B (BAB (Direct Payment)) ⁽¹⁾	12,635,000
Taxable General Obligation Bonds (ARS), Series 2010C ⁽¹⁾	165,000
The Bonds	2,040,000
Total Direct General Obligation Debt	15,910,000
Less Self-Supporting Debt ⁽¹⁾	(13,870,000)
Total Net Direct Debt ⁽²⁾	2,040,000
Available Legal Debt Margin	\$ 3,314,415

(1) Pursuant to the provisions of the Debt Reform Act, alternate bonds, do not count against the County's overall 2.8750% of E.A.V. statutory debt limitation unless the County fails to abate the property tax levies made for the payment therein.

(2) Under applicable law, self-insurance bonds generally do not count against the County's debt limit. However, since the issuance of the Prior Bonds, as alternate bonds, the County has levied taxes to pay the principal and interest on the Prior Bonds. The Prior Bonds are characterized as debt for the purposes of the County's legal debt limit. Although this may be a default under the County's bond ordinance covenants for the Prior Bonds, it is not a payment default. The Bonds will be general obligation refunding limited bonds and thus count against the County's debt limit.

Source: The Union County Clerk's office and the County's Audited Financial Statements.

Detailed Overlapping Bonded Debt

(as of February 6, 2014)

<u>Taxing Body</u>	<u>Outstanding</u>	<u>Applicable to County</u>	
	<u>Debt⁽¹⁾</u>	<u>Percent</u>	<u>Amount</u>
Anna CCSD #37	\$ 465,000	100.00%	465,000
Cobden CUSD #17	2,565,000	99.00%	2,539,350
Dongola CUSD #66	355,000	100.00%	355,000
Anna-Jonesboro CHSD #81	2,205,000	99.98%	2,204,559
Jonesboro CCSD #43	670,000	99.92%	669,464
Shawnee CUSD #84	1,580,000	7.10%	112,180
Vienna H.S. Dist #13-3	430,000	3.00%	12,900
Shawnee Comm. College #531	7,625,000	31.60%	2,409,500
Goreville CUSD #1	4,640,000	1.60%	74,240
Total Overlapping Debt			\$ 8,842,193

(1) Excludes principal amounts of outstanding self-supporting bonds that are paid from sources other than ad valorem taxes.

Source: The Union County Clerk's office and the County's Audited Financial Statement 2012.

Schedule of Bonded Indebtedness

(as of February 6, 2014)

	Series 2010A		Series 2010B		Series 2010C		Series 2014							
Dated Date	9/29/2010		9/29/2010		9/29/2010		Date of Delivery							
Par Amount	\$1,070,000		\$12,635,000		\$725,000		\$2,040,000							
Maturity	9/1/2042		9/1/2041		9/1/2014		12/1/2033							
Fiscal Year														
Ending 11/30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding
2014	\$ -	\$ 79,715	\$ -	\$ 535,782	\$ 165,000	\$ 6,188	\$ -	\$ -	165,000	621,685	165,000	621,685	786,685	15,745,000
2015	-	79,715	280,000	535,782	-	-	120,000	49,899	400,000	665,396	400,000	665,396	1,065,396	15,345,000
2016	-	79,715	285,000	529,594	-	-	140,000	61,528	425,000	670,837	425,000	670,837	1,095,837	14,920,000
2017	-	79,715	295,000	522,740	-	-	145,000	58,728	440,000	661,183	440,000	661,183	1,101,183	14,480,000
2018	-	79,715	300,000	514,495	-	-	145,000	55,828	445,000	650,038	445,000	650,038	1,095,038	14,035,000
2019	-	79,715	310,000	505,622	-	-	150,000	52,928	460,000	638,265	460,000	638,265	1,098,265	13,575,000
2020	-	79,715	320,000	495,950	-	-	155,000	49,178	475,000	624,843	475,000	624,843	1,099,843	13,100,000
2021	-	79,715	330,000	485,550	-	-	160,000	45,303	490,000	610,568	490,000	610,568	1,100,568	12,610,000
2022	-	79,715	345,000	474,396	-	-	165,000	39,703	510,000	593,814	510,000	593,814	1,103,814	12,100,000
2023	-	79,715	355,000	462,287	-	-	170,000	33,928	525,000	575,930	525,000	575,930	1,100,930	11,575,000
2024	-	79,715	370,000	449,365	-	-	175,000	27,808	545,000	556,888	545,000	556,888	1,101,888	11,030,000
2025	-	79,715	390,000	435,416	-	-	185,000	21,070	575,000	536,201	575,000	536,201	1,111,201	10,455,000
2026	-	79,715	400,000	420,206	-	-	190,000	13,670	590,000	513,591	590,000	513,591	1,103,591	9,865,000
2027	-	79,715	420,000	404,086	-	-	140,000	5,880	560,000	489,681	560,000	489,681	1,049,681	9,305,000
2028	-	79,715	440,000	385,249	-	-	-	-	440,000	464,964	440,000	464,964	904,964	8,865,000
2029	-	79,715	460,000	365,515	-	-	-	-	460,000	445,230	460,000	445,230	905,230	8,405,000
2030	-	79,715	485,000	344,884	-	-	-	-	485,000	424,599	485,000	424,599	909,599	7,920,000
2031	-	79,715	505,000	323,131	-	-	-	-	505,000	402,846	505,000	402,846	907,846	7,415,000
2032	-	79,715	530,000	299,335	-	-	-	-	530,000	379,050	530,000	379,050	909,050	6,885,000
2033	-	79,715	555,000	274,357	-	-	-	-	555,000	354,072	555,000	354,072	909,072	6,330,000
2034	-	79,715	585,000	248,203	-	-	-	-	585,000	327,918	585,000	327,918	912,918	5,745,000
2035	-	79,715	610,000	220,634	-	-	-	-	610,000	300,349	610,000	300,349	910,349	5,135,000
2036	-	79,715	645,000	191,888	-	-	-	-	645,000	271,603	645,000	271,603	916,603	4,490,000
2037	-	79,715	675,000	161,493	-	-	-	-	675,000	241,208	675,000	241,208	916,208	3,815,000
2038	-	79,715	710,000	129,683	-	-	-	-	710,000	209,398	710,000	209,398	919,398	3,105,000
2039	-	79,715	745,000	96,224	-	-	-	-	745,000	175,939	745,000	175,939	920,939	2,360,000
2040	-	79,715	790,000	61,116	-	-	-	-	790,000	140,831	790,000	140,831	930,831	1,570,000
2041	215,000	79,715	500,000	23,888	-	-	-	-	715,000	103,603	715,000	103,603	818,603	855,000
2042	855,000	63,697	-	-	-	-	-	-	855,000	63,697	855,000	63,697	918,697	-
Total	\$ 1,070,000	\$ 2,295,717	\$ 12,635,000	\$ 9,896,871	\$ 165,000	\$ 6,188	\$ 2,040,000	\$ 515,451	\$ 15,910,000	\$ 12,714,227	\$ 15,910,000	\$ 12,714,227	\$ 28,624,227	

Source: The County's 2012 Annual Financial Statements. See **APPENDIX B** for a complete copy of the County's 2012 Annual Financial Report.

FUTURE FINANCING

The County does not contemplate issuing any additional debt within the next six months.

HISTORY OF DEBT PAYMENT

The County has always promptly paid principal and interest on its debt obligations.

PROPERTY ASSESSMENT AND TAX INFORMATION

Assessment

The County Assessor is responsible for the assessment of all taxable real property within the township except for certain railroad property and certified pollution control facilities, which are assessed directly by the State. Real property is reassessed every fourth year. After the County Assessors establish the fair market value of a parcel of land, that value is multiplied by 33-1/3% to arrive at the assessed valuation ("Assessed Valuation") for that parcel. The County Assessor may revise the Assessed Valuation pursuant to requests of taxpayers. Taxpayers can also formally petition for review of their assessments by the Union County Board of Review. In addition, limited judicial review of assessments is available during the tax collection process, when the Union County Collector presents the Warrant Books (defined below) to the Circuit Court for judgment, or by appeal to the State Property Tax Appeal Board.

Equalization

After the County Assessor has established the Assessed Valuation for each parcel for a given year and multipliers have been established, and following the Union County Board of Review revisions, the Illinois Department of Revenue (the "Revenue Department") is required by statute to review the Assessed Valuations. The Revenue Department establishes an equalization factor (commonly called the "multiplier") for each county, to make all valuations uniform among the 102 counties in the State. For real property in the County, assessments are equalized at 33-1/3% of estimated fair market value.

Once the equalization factor is established, the Assessed Valuations determined by the County Assessor, as revised by the County Board of Review, are multiplied by the equalization factor to determine the Equalized Assessed Valuations. The Equalized Assessed Valuations are the final property valuations used for determination of tax liability. The aggregate Equalized Assessed Valuation for all parcels in the County, including the valuation of certain railroad property and certified pollution control facilities assessed directly by the State and the valuation of farms assessed under the direction of the State, constitutes the total real estate tax base for the County, and is the value utilized to calculate tax rates.

Illinois Equalized Assessed Valuation Exemptions

An annual General Homestead Exemption provides that the Equalized Assessed Valuation ("EAV") of certain property owned and used for residential purposes ("*Residential Property*") may be reduced by up to \$5,000 for assessment years 2004 through 2007 in all counties. Additionally, the maximum reduction is \$5,500 for assessment year 2008 and the maximum reduction is \$6,000 for assessment year 2009 and thereafter in all counties.

The Homestead Improvement Exemption applies to Residential Properties that have been improved or rebuilt in the 2 years following a catastrophic event. The exemption is limited to \$45,000 through December 31, 2003, and \$75,000 per year beginning January 1, 2004 and thereafter, to the extent the assessed value is attributable solely to such improvements or rebuilding.

Additional exemptions exist for senior citizens. The Senior Citizens Homestead Exemption ("*Senior Citizens Homestead Exemption*") operates annually to reduce the EAV on a senior citizen's home for assessment years prior to 2004 by \$2,000 in counties with less than 3,000,000 inhabitants. For assessment years 2004 and 2005, the maximum reduction is \$3,000 in all counties. For assessment years 2006 and 2007, the maximum reduction is \$3,500 in all counties. In addition, for assessment year 2008 and thereafter, the maximum reduction is \$4,000 for all counties. Furthermore, beginning with assessment year 2003, for taxes payable in 2004, property that is first occupied as a residence after January 1 of any assessment year by a person who is eligible for the Senior Citizens Homestead Exemption must be granted a pro rata exemption for the assessment year based on the number of days during the assessment year that the property is occupied as a residence by a person eligible for the exemption.

A Senior Citizens Assessment Freeze Homestead Exemption ("*Senior Citizens Assessment Freeze Homestead Exemption*") freezes property tax assessments for homeowners, who are 65 and older and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$35,000 for years prior to 1999, \$40,000 for assessment years 1999 through 2003, \$45,000 for assessment years 2004 and 2005, \$50,000 from assessment years 2006 and 2007 and for assessment year 2008 and after, the maximum income limitation is \$55,000. In general, the exemption limits the annual real property tax bill of such property by granting to qualifying senior citizens an exemption as to a portion of the valuation of their property. For those counties with less than 3,000,000, the exemption is as follows: through assessment year 2005 and for assessment year 2007 and later, the exempt amount is the difference between (i) the current EAV of their residence and (ii) the base amount, which is the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for the exemption. For assessment year 2006, the amount of the exemption phases out as the amount of household income increases. The amount of the exemption is calculated by using the same formula as above, and then multiplying the resulting value by a ratio that varies according to household income.

Another exemption available to disabled veterans operates annually to exempt up to \$70,000 of the EAV of property owned and used exclusively by such veterans or their spouses for residential purposes. However, individuals claiming exemption under the Disabled Persons' Homestead Exemption ("*Disabled Persons' Homestead Exemption*") or the Disabled Veterans Standard Homestead Exemption ("*Disabled Veterans Standard Homestead Exemption*") cannot claim the aforementioned exemption. Also, certain property is exempt from taxation on the basis of ownership and/or use, such as public parks, not-for-profit schools and public schools, churches, and not-for-profit hospitals and public hospitals.

Furthermore, beginning with assessment year 2007, the Disabled Persons' Homestead Exemption provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain persons with a disability. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Veterans Standard Homestead Exemption cannot claim the aforementioned exemption.

In addition, the Disabled Veterans Standard Homestead Exemption provides disabled veterans an annual homestead exemption starting with assessment year 2007 and thereafter. Specifically, (i) those veterans with a service-connected disability of 75% are granted an exemption of \$5,000 and (ii) those veterans with a service-connected disability of less than 75%, but at least 50% are granted an exemption of \$2,500. Furthermore, the veteran's surviving spouse is entitled to the benefit of the exemption, provided that the spouse has legal or beneficial title of the homestead, resides permanently on the homestead and does not remarry. However, individuals claiming exemption as a disabled veteran or claiming exemption under the Disabled Persons' Homestead Exemption cannot claim the aforementioned exemption.

Beginning with assessment year 2007, the Returning Veterans' Homestead Exemption (*"Returning Veterans' Homestead Exemption"*) is available for property owned and occupied as the principal residence of a veteran in the assessment year the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a homestead exemption of \$5,000, which is applicable in all counties. In order to apply for this exemption, the individual must pay real estate taxes on the property, own the property or have either a legal or an equitable interest in the property, subject to some limitations. Those individuals eligible for this exemption may claim the exemption in addition to other homestead exemptions, unless otherwise noted.

Tax Levy

As part of the annual budget process of the County, an ordinance is adopted by the County Board each year in which it determines to levy real estate taxes. This tax levy ordinance imposes real estate taxes in terms of a dollar amount. The County certifies its real estate tax levy, as established by ordinance, to the County Clerk's Office. The remaining administration and collection of the real estate taxes are statutorily assigned to the County Clerk and the Union County Treasurer (the "County Treasurer") who also serves as the Union County Collector (the "County Collector"). After the County files its annual tax levy, the County Clerk computes the annual tax rate for the County. This computation is made by dividing the County levy by its Equalized Assessed Valuation. Starting with tax extensions in 1992, the County Clerk calculates a limiting rate for the County in accordance with the Property Tax Limitation Law. The limiting rate is the mechanism for implementing the tax extension limitation or cap of 5% or the percentage increase in the Consumer Price Index, whichever is less, or the amount approved by referendum, on the amount of taxes to be collected by the County. Once calculated, the limiting rate is compared with the sum of the tax rates of the County's funds, which are subject to the aforementioned limitation. If the sum of the tax rates exceeds the limiting rate, an adjustment must be made. The County Clerk will not extend a levy using an aggregate tax rate greater than the limiting rate.

Once the necessary adjustments to the tax rates are made, the County Clerk then computes the total tax rate applicable to each parcel of real property by aggregating the tax rates of all of the taxing units having jurisdiction over that particular parcel. The County Clerk enters the tax determined by multiplying that total tax rate by the Equalized Assessed Valuation of the parcel in the books prepared for the County Collector (the "Warrant Books") along with the tax rates, the Assessed Valuation and the Equalized Assessed Valuation. These books are the County Collector's authority for the collection of taxes and are used by the County Collector as the basis for issuing tax bills to all property owners.

Collection

Property taxes are collected by the County Collector, who is also the County Treasurer, who remits to the County its share of the collections. Taxes levied in one calendar year become payable during the following calendar year in two equal installments, the first on the later of June 1 or 30 days after the mailing of the tax bills and the second on the later of September 1 or 60 days after such mailing. During the peak collection months of June and September, tax receipts are forwarded to the County on a semi-monthly basis. At other times, they are distributed on or about the first of the month.

At the end of each calendar year, the County Collector presents the Warrant Books to the Circuit Court, and applies for a judgment for all unpaid taxes. The Court order resulting from that application for judgment provides for a sale of all property with unpaid taxes shown on that year's Warrant Books. A public sale is held, at which time successful bidders pay the unpaid taxes plus penalties. Unpaid taxes accrue penalties at the rate of 1.5% (1% for agricultural property) per month from their due date until the date of sale. Taxpayers can redeem their property by paying the tax buyer the amount paid at the sale, plus a penalty. If no redemption is made within specified time periods based on the type of real estate involved, the tax buyer can receive a deed to the property. In addition, there are miscellaneous statutory provisions for foreclosure of tax liens.

Illinois Property Tax Extension Limitation Law

The Property Tax Extension Limitation Law of the State of Illinois, as amended (the "Limitation Law"), effective in 1997 for Union County, limits the annual growth in the amount of property taxes to be extended for certain Illinois non-home rule units. In general, growth permitted under the Limitation Law is the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year proceeding the levy year. Taxes can also be increased due to new construction, referendum approval of tax rate increases, mergers and consolidations. The Limitation Law applies to the County.

The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, unlimited ad valorem tax general obligation bonds, notes or installment contracts cannot be issued by a taxing district (except home rule unites) unless the obligations first are approved at a direct referendum or are for certain refunding purposes.

TRUTH IN TAXATION

On July 29, 1981, legislation known as the Truth in Taxation Act became effective, which requires additional procedures in connection with the annual levying of property taxes. Notice in the prescribed form must be published if the aggregate annual levy by a taxing body is estimated to exceed 105% of its levy for the preceding year, exclusive of the election costs and debt service. A public hearing must also be held, which may not be in conjunction with the budget hearing of the taxing body. No amount in excess of 105% of the preceding year's levy may be extended for a taxing body unless the levy is accompanied by a certification of compliance with the foregoing procedures. The express purpose of the legislation is to require disclosure of a levy in excess of specified levels. However, the legislation does not impose any limitation on the rate or amount of the levies of taxes extended to pay principal of or interest on the Bonds.

Equalized Assessed Valuation (E.A.V.) is estimated at 33-1/3% of fair market value.

Equalized Assessed Valuation

Tax Year	Total	Percent Increase
2008	\$ 163,258,041	4.76%
2009	173,199,262	6.09%
2010	180,167,317	4.02%
2011	178,922,245	-0.69%
2012	186,240,505	4.09%

Source: Union County Clerk's Office.

County Tax Rate Trend

(Per \$100 of Equalized Assessed Valuation)

<u>FUND</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Corporate	\$ 0.26000	\$ 0.27000	\$ 0.58830	\$ 0.60920	\$ 0.57721
County Highway	0.05860	0.05598	0.09990	0.04471	0.04296
County Bridges	0.03627	0.03563	0.03410	0.03465	0.03329
Federal Aid Matching	0.03627	0.03563	0.03890	0.03912	0.03759
Hardroad	0.03627	0.03563	-	-	-
I.M.R.F.	0.41640	0.35644	0.02780	0.13973	0.23679
TB Sanitarium	0.00670	0.00611	0.00710	0.00671	0.00322
General Assistance	0.00279	0.00255	0.00440	0.00447	-
Bond & Interest	0.16328	0.15391	0.15050	0.14990	0.14372
Liability Insurance	0.17452	0.17160	0.01390	0.00112	0.00054
Senior Citizens	-	0.02030	0.01940	0.01593	0.00054
Southern 7 Health	0.03063	0.02950	0.02930	0.02907	0.01718
Co-Op. Extension	0.02662	0.02457	0.02410	0.02502	0.01181
Mental Health	-	-	-	-	0.00322
County Ambulance	0.19601	0.18877	0.20080	0.20065	0.19598
Total	\$ 1.44436	\$ 1.38662	\$ 1.23850	\$ 1.30028	\$ 1.30405

Source: Union County Clerk's Office.

Representative Tax Rate Trend

(Per \$100 of Equalized Assessed Valuation)

<u>ENTITY</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
County Tax	\$ 1.44436	\$ 1.38662	\$ 1.23850	\$ 1.30028	\$ 1.30405
County Hosp. & Bond	0.42406	-	-	-	-
Anna CUSD #37	2.13814	2.07112	2.05940	2.75428	2.13462
Anna-Jonesboro Comm. High School	1.58894	1.57509	1.71210	1.80329	1.87346
Shawnee Comm. College	0.66308	0.67217	0.77520	0.77659	0.78639
City of Jonesboro	0.81996	0.80058	0.80510	0.50453	0.50625
Road & Bridge	0.03955	0.03809	0.03790	-	-
Roads in Village	0.06621	0.06438	0.06410	0.06681	0.06740
Anna Road	0.06756	0.06596	0.06630	0.06910	0.06984
Stinson M. Library	0.16976	0.16330	0.16370	0.16972	0.17036
Total	\$ 7.42162	\$ 6.83731	\$ 6.92230	\$ 7.44460	\$ 6.91237

Source: The Union County Clerk's and Treasurer's Offices.

<u>Year</u>	<u>Extension</u>	<u>Collection</u>	<u>Percent Collected</u>
2008	\$ 1,944,566	\$1,941,070	99.82%
2009	1,981,021	1,935,774	97.72%
2010	2,225,436	2,232,934	100.34%
2011	2,319,336	2,327,801	100.36%
2012 ⁽¹⁾	2,424,816	2,305,357	95.07%

(1) Still in process of collecting.

Source: Union County Clerk and Treasurer's Office.

Largest County Taxpayers⁽¹⁾

<u>Name</u>	<u>2012 E.A.V.</u>	<u>% of County's E.A.V.</u>
Anna-Jonesboro National Bank	\$ 2,258,830	1.21%
Wal-Mart	1,500,500	0.81%
TE PDTS Pipeline Co	1,410,890	0.76%
Cunningham William	1,029,365	0.55%
Union County Hospital	1,012,270	0.54%
Anna Quarries Inc.	770,570	0.41%
Texas Eastern Pipeline	758,490	0.41%
Anna State Bank	745,630	0.40%
Kel-Tech/Mullberry Manor	732,930	0.39%
Bank of Belleville	<u>692,730</u>	<u>0.37%</u>
Total:	\$ 10,912,205	5.86%

(1) Every effort has been made to include all taxable property of the taxpayers listed and to seek out and report the largest taxpayers within the County. Many of the taxpayers listed contain multiple parcels and it is possible that some of the parcels may not have been included.

Source: Union County Clerk's Office.

FINANCIAL INFORMATION

The County's financial statements are audited annually by certified public accountants. The County's financial statements are completed on a modified accrual basis of accounting consistent with generally accepted accounting principles applicable to government entities. For more detail, see "APPENDIX B" for a copy of the County's Fiscal Year 2012 audited financial statements.

Union County
Balance Sheet
General Fund Summary

For Years Ending November 30th

<u>ASSETS</u>	<u>2008</u>	<u>2009</u>	<u>2010⁽¹⁾</u>	<u>2011⁽¹⁾</u>	<u>2012⁽²⁾</u>
Cash & Cash Equivalents	\$ 31,242	\$ 194,046	\$ 258,621	\$ 56,669	\$ 1,962,790
Stamps on Hand	<u>11,210</u>	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>
TOTAL ASSETS	42,452	206,046	270,621	68,669	1,974,790
 <u>LIABILITIES & FUND BALANCE</u>					
Liabilities:					
Due to other Funds	<u>665,000</u>	<u>515,000</u>	<u>515,000</u>	<u>465,000</u>	<u>-</u>
TOTAL LIABILITIES	665,000	515,000	515,000	465,000	-
Fund Balances:					
Reserved for Inventory	11,210	12,000	12,000	12,000	12,000
Unreserved for Debt Service In:					
General Fund	<u>(633,758)</u>	<u>(320,954)</u>	<u>(256,379)</u>	<u>(408,331)</u>	<u>1,962,790</u>
TOTAL FUND BALANCES	<u>(622,548)</u>	<u>(308,954)</u>	<u>(244,379)</u>	<u>(396,331)</u>	<u>1,974,790</u>
 TOTAL LIABILITIES & FUND BALANCE	 \$ 42,452	 \$ 206,046	 \$ 270,621	 \$ 68,669	 \$ 1,974,790

(1) The County restated its audited annual financial statements for fiscal years 2010 and 2011 to reflect receipt of the one percent (1%) public facility sales tax that was approved via referendum on February 2, 2010 for the purposes of public facilities. The public facility sales taxes are considered revenue to the County. Pursuant to a custodial agreement between the County and The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri (the "2010 Bonds Paying Agent"), the 2010 Bonds Paying Agent maintains an account where Sales Taxes are deposited for the purpose of paying principal and interest on the 2010 Bonds. For fiscal years 2010 and 2011, the County omitted the Sales Taxes from its audited financial statements thereby under-reporting actual revenues. The County has since restated its audited financial statements for fiscal years 2010 and 2011 to reflect the Sales Taxes revenue and has filed the restated 2010 and 2011 audited financial statements with the MSRB on EMMA.

(2) The increase in cash and cash equivalents was caused by several factors: (i) in 2012 the County collected two fiscal years of property taxes; (ii) the County retired a significant interfund loan that increased the cash in the General Fund; and (iii) there was a late distribution out of the general fund that is not reflected in the fiscal year 2012 audit and gives the impression of a larger cash balance.

Source: the County and its Audited Financial Statements from 2008 – 2012. See APPENDIX A for a copy of the County's 2012 Audited Financial Statements.

Union County
Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund Summary
For Years Ending November 30th

<u>Receipts/Revenues</u>	<u>2008</u>	<u>2009</u>	<u>2010⁽⁷⁾</u>	<u>2011⁽⁷⁾</u>	<u>2012</u>
Property & Replacement Taxes	\$ 598,059	\$ 971,116	\$ 672,588	\$ 716,166	\$ 3,522,409 ⁽¹⁾
County Share of Illinois Income Tax	871,664	770,473	738,298	820,543	841,766
County Share of Sales Tax	505,181	485,859	521,152	513,832	527,711
Salary Reimbursements	178,642	275,867	254,988	158,097	380,426
Service Fees, Fines, Licenses & Commissions	879,335	837,928	757,592	615,254	615,254
Interest Income	14,833	8,431	65,804	3,603	13,930
Other Receipts & Reimbursements	<u>56,914</u>	<u>183,486</u>	<u>113,290</u>	<u>192,273</u>	<u>472,502</u>
Total Receipts/Revenues	\$3,104,628	\$3,533,160	\$ 3,123,712	\$ 3,019,768	\$ 6,373,998
<u>Disbursements/Expenditures</u>					
Current:					
General Government	830,790	859,432	1,232,591	1,305,759	1,930,596
Public Safety	1,088,283	1,117,924	1,008,603	935,509	1,171,183
Corrections	98,729	121,955	97,584	116,910	140,288
Judiciary & Legal	695,549	705,495	739,034	740,835	724,810
Health & Welfare	245,186	296,101	-	-	-
Other Expenditures & Reimbursements	<u>140,933</u>	<u>86,859</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Disbursements/Expenditures	\$3,099,470	\$3,187,766	\$ 3,077,812	\$ 3,099,013	\$ 3,966,877
<u>Excess (Deficiency) of</u>					
Revenues over Expenditures	5,158	345,394	45,900	(79,245)	2,407,121
<u>Other Financing Sources (Uses):</u>					
Proceeds from Self-Insurance Bonds	-	-	-	-	-
Transfers In	-	-	18,675 ⁽⁴⁾	-	-
Transfers Out	<u>(36,724) ⁽²⁾</u>	<u>(31,800) ⁽³⁾</u>	<u>-</u>	<u>(72,707) ⁽⁵⁾</u>	<u>(36,000) ⁽⁶⁾</u>
Total Other Financing Sources (Uses):	(36,724)	(31,800)	18,675	(72,707)	(36,000)
Net Change In Fund Balances	(31,566)	313,594	64,575	(151,952)	2,371,121
Fund Balances - Beginning of Year	(590,982)	(622,548)	(308,954)	(244,379)	(396,331)
Fund Balances - End of Year	\$ (622,548)	\$ (308,954)	\$ (244,379)	\$ (396,331)	\$ 1,974,790

(1) In FY2012 the County included funds that had previously been accounted for separately into the General Fund. The General Fund now includes the following: County Ambulance, County Community Health, Union County, Unit Road and Bridge, Roads in Villages and Roads not in Villages Funds. The increase in tax revenues received is a factor of this inclusion and to the fact that two years of tax revenues were accounted for in this fiscal year.

(2) Constitutes transfers of \$12,000 to Cemetery Fund and \$24,724 to the Animal Control Fund.

(3) Constitutes transfers of \$12,000 to Cemetery Fund and \$19,000 to the Animal Control Fund.

(4) Constitutes a transfer from the Hotel/Motel Tax Fund.

(5) Constitutes transfers of \$4,456 to Cemetery Fund, \$4,833 to the County Unit Road District - MFT Fund, \$46,050 to the County Motor Fuel Tax Fund, and \$17,368 to the County Highway Fund.

(6) Constitutes transfers of \$12,000 to Cemetery Fund and \$24,000 to the Animal Control Fund.

(7) The County restated their audited annual financial statements for fiscal years 2010 and 2011 to reflect receipt of the one percent (1%) public facility sales tax that was approved via referendum on February 2, 2010 for the purposes of public facilities. The Sales taxes are considered revenue to the County. Pursuant to a custodial agreement between the County and The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri (the "2010 Bonds Paying Agent"), the 2010 Bonds Paying Agent maintains an account where Sales Taxes are deposited for the purpose of paying principal and interest on the 2010 Bonds. For fiscal years 2010 and 2011, the County omitted the Sales Taxes from its audited financial statements thereby under-reporting actual revenues. The County has since restated its audited financial statements for fiscal years 2010 and 2011 to reflect the Sales Taxes revenue and has filed the restated 2010 and 2011 audited financial statements with the MSRB on EMMA.

Source: the County and its Audited Financial Statements from 2008 – 2012. See APPENDIX A for a copy of the County's 2012 Audited Financial Statements.

EMPLOYEE PENSION AND OTHER BENEFIT PLANS

Plan Description

The County's defined benefit pension plan, Illinois Municipal Retirement ("IMRF"), provides retirement, disability, annual cost of living adjustments, and death benefits to plan member and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a financial report that includes financial statements and retired supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 5000, Oak Brook, Illinois 60523.

Funding Policy

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. Sheriff's Law Enforcement Personnel ("SLEP") members are required to contribute 7.50 percent of their annual covered salary. Elected County Officials ("ECO") members are required to contribute 7.50 percent of their annual covered salary. The member rate is established by the state statute. The County is required to contribute an actuarially determined rate. The employer rate for calendar year 2011, based on the 2009 valuation, was 15.33 percent of payroll for SLEP member, 17.74 percent of payroll for ECO members and 11.30 percent for all other employees. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The remaining amortization period at December 31, 2010 was 21 years for ECO members and all other employees and 2 years for SLEP members.

Annual Pension Cost

For December 1, 2011, the County's annual pension cost of \$20,113 for SLEP members, \$54,111 for ECO members and \$256,228 for all other members was equal to the County's required and actual contributions.

Three-Year Trend Information for the IMRF Plan

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$204,010	100%	\$ -
12/31/10	217,411	100%	-
12/31/09	212,923	100%	-

Three-Year Trend Information for the SLEP Plan

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$18,395	100%	\$ -
12/31/10	18,713	100%	-
12/31/09	16,257	100%	-

Three-Year Trend Information for the ECO Plan

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/11	\$52,418	100%	\$ -
12/31/10	50,064	100%	-
12/31/09	48,512	100%	-

The required contribution was determined as part of the December 31, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.3 percent to 12.2 percent a year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3 percent annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period, with a 20 percent corridor. The assumptions used for the 2011 actuarial valuation were based on the 2005-2007 experience study.

Schedule of Funding Progress- IMRF Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a/c)
12/31/11	\$4,790,799	\$4,820,381	\$29,582	99.39%	\$1,742,183	1.70%
12/31/10	5,671,413	6,947,822	1,276,409	81.63%	2,203,983	57.91%
12/31/09	5,489,200	7,024,885	1,535,685	78.14%	2,190,571	70.10%

Schedule of Funding Progress- SLEP Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a/c)
12/31/11	\$1,488,974	\$1,222,804	(\$266,170)	121.77%	\$421,901	0.00%
12/31/10	2,344,124	2,645,738	301,614	88.60%	631,792	47.74%
12/31/09	2,038,369	2,706,321	667,952	75.32%	622,858	107.24%

Schedule of Funding Progress- ECO Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a/c)
12/31/11	\$1,059,185	\$1,582,462	\$523,277	66.93%	\$309,733	168.94%
12/31/10	1,279,965	1,613,672	333,707	79.32%	379,481	87.94%
12/31/09	1,240,279	1,466,736	226,460	84.56%	385,324	58.77%

APPROVAL OF LEGALITY

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Evans, Froehlich, Beth & Chamley, Bond Counsel, who has been retained by, and acts as Bond Counsel to the County. Ice Miller LLP, Chicago, Illinois, will serve as Disclosure Counsel for the County. Certain legal matters will be passed upon for the Underwriter by Ungaretti & Harris LLP, Chicago, Illinois. The proposed form of the opinion of Bond Counsel is included herein as “**APPENDIX C—Form of Bond Counsel Opinion.**” Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that Bond Counsel has, at the request of the County, reviewed only those portions of this Official Statement involving the description of the Bonds and the security for the Bonds.

NO LITIGATION CERTIFICATE

Simultaneously with the delivery of the Bonds, the County will furnish to the Underwriter a certificate of a County officer which shall state, among other things, that there is no controversy, suit or other proceeding of any kind pending or to such officer's knowledge, threatened in any court (either State or Federal) restraining or enjoining the issuance or delivery of the Bonds or questioning (i) the proceedings under which the Bonds are to be issued, (ii) the validity of the

Bonds, (iii) the pledge by the County of the moneys under the Bond Ordinance or (iv) the legal existence of the County or the title to office of the present officials of the County.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

AGM's financial strength is rated "AA-" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On June 12, 2013, S&P published a report in which it affirmed AGM's "AA-" (stable outlook) financial strength rating. AGM can give no assurance as to any further ratings action that S&P may take.

On January 17, 2013, Moody's issued a press release stating that it had downgraded AGM's insurance financial strength rating to "A2" (stable outlook) from "Aa3". AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

Capitalization of AGM

At September 30, 2013, AGM's consolidated policyholders' surplus and contingency reserves were \$3,458,464,281 and its total net unearned premium reserve was \$1,902,038,053, in each case, in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (filed by AGL with the SEC on March 1, 2013);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 (filed by AGL with the SEC on May 10, 2013);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013 (filed by AGL with the SEC on August 9, 2013); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 (filed by AGL with the SEC on November 12, 2013).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to

above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "**BOND INSURANCE – Assured Guaranty Municipal Corp.**" or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Bonds or any uninsured bonds offered under this Official Statement and such purchases may constitute a significant proportion of the bonds offered. AGM or such affiliate may hold such Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Bonds or uninsured bonds at any time or from time to time.

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "**BOND INSURANCE.**"

INVESTMENT RATING

S&P is expected to assign its rating of "AA-" (stable outlook) to the Bonds based upon a municipal bond insurance policy to be issued by AGM concurrently with the delivery of the Bonds. See "**BOND INSURANCE**" herein. There is no assurance that such rating will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Any rating assigned represents only the view of the rating agency. The definitions furnished by the rating agency for its rating may be obtained from the rating agency. The County does not have an underlying rating.

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed or refinanced therewith, and certain other matters. The County has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the County's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not treated as an item of tax preference for purposes of the federal alternative minimum tax for individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the County with respect to certain material facts within the County's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax-exempt interest, including interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "*Issue Price*") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

If the Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Bonds (the "*OID Bonds*") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the County complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but owners of OID

Bonds should consult their own tax advisors as to whether original issue discount is taken into account in computing adjusted current earnings, which is used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount (the "*Revised Issue Price*"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "*Service*") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the County as a taxpayer and the Bond holders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Bonds is not exempt from present State of Illinois income taxes.

Ownership of the Bonds may result in other federal, state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such federal, state and local collateral consequences.

QUALIFIED TAX-EXEMPT OBLIGATIONS

Subject to the County's compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

CONTINUING DISCLOSURE

The County will enter into a Continuing Disclosure Certificate and Agreement (the "Undertaking") for the benefit of the registered owners and beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below under "**THE UNDERTAKING**".

Pursuant to the issuance of the County's General Obligation Self-Insurance Refunding Bonds, Series 2002 (the "2002 Bonds"), the County entered into a continuing disclosure undertaking (the "2002 Undertaking") to file notice of certain material events as required by the Rule. At the time of issuance, the 2002 Bonds were insured by Financial Guaranty Insurance Company ("FGIC")

and FGIC was rated “AAA” by Standard & Poor's Financial Services LLC ("S&P"). Since that time, S&P has had subsequent rating downgrades of FGIC and FGIC filed for bankruptcy in 2010. Despite the 2002 Undertaking, the County had not provided notice concerning the rating change on the 2002 Bonds that resulted from the rating downgrade of FGIC. Notice of the FGIC downgrade has since been filed electronically through the Electronic Municipal Market Access ("EMMA") system established by the Municipal Securities Rule Making Board (the "MSRB"), but not in a timely manner as was covenanted in the 2002 Undertaking.

Pursuant to issuing the 2002 Bonds and its General Obligation Self-Insurance Bonds (Alternate Revenue Source), Series 2006 (the "2006 Bonds"), the County entered into the applicable prior continuing disclosure undertakings (the "2002 Undertaking" and "2006 Undertaking") to disseminate its audited financial statements annually with respect to the 2002 Bonds and 2006 Bonds as required by the Rule. Under the 2002 Undertaking and the 2006 Undertaking, the County covenanted to file its audited financial statements at least annually to the repository, if any, designated by the State of Illinois as the state information depository (the "SID"). Pursuant to the 2002 Undertaking and the 2006 Undertaking and since the issuance of the 2002 Bonds and 2006 Bonds, the County filed its audited financial statements and annual financial information with the MSRB on EMMA; however, with the exception of fiscal years 2009 and 2011, the County's filings were made outside the required timeframe as covenanted in the 2002 Undertaking and the 2006 Undertaking.

Pursuant to the issuance of the County's Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010A (Recovery Zone Economic Development Bonds (Direct Payment)), Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010B (Build America Bonds (Direct Payment)), Taxable General Obligation Bonds (Alternate Revenue Source), Series 2010C (collectively, the “2010 Bonds”), the County entered into applicable continuing disclosure undertakings (the "2010 Undertaking") to disseminate its audited financial statements annually with respect to the 2010 Bonds as required by the Rule. Under the 2010 Undertakings for the 2010 Bonds, the County covenanted to file its audited financial statements within 60 days after receipt of the auditor and annual financial information within 180 days for the 2010 Bonds of its fiscal year end (November 30) with the MSRB. Pursuant to the 2010 Undertaking and since the issuance of the 2010 Bonds, the County filed its audited financial statements and annual financial information with the MSRB on EMMA; however, the County's filings were made outside the required timeframe of the 2010 Undertakings.

Pursuant to the bond ordinance for the 2006 Bonds, the County covenanted to support the debt service on the 2006 Bonds from a revenue source ("2006 Bonds Pledged Revenues") and secured by the issuer's general obligation, full faith and credit, including a levy of ad valorem taxes without limit as to rate or amount ("Pledge Taxes"). Since the issuance of the 2006 Bonds, the County has been paying the debt service due on the 2006 Bonds, in part, from the Pledged Taxes in lieu of the 2006 Bonds Pledged Revenues. Until such time as the County pays debt service on the above bonds with the 2006 Bonds Pledged Revenues, they shall constitute an indebtedness of the County, to be counted against their debt limit. This is a default under the County's bond ordinance covenants; however, it is not a payment default. Historically, the County has timely met its debt service obligations on the 2006 Bonds as they come due. The County has since made a non-payment related default material events disclosure as required by the Rule. This disclosure has been filed with the MSRB on EMMA.

Pursuant to the 2010 Undertaking, the County covenanted to file notice of certain material events as required by the Rule. At the time of issuance, the 2010 Bonds were insured by Assured Guaranty Municipal Corp. ("AGM") and AGM was rated "AAA" by Standard and Poor's Financial Services, LLC, a part of McGraw Hill Financial ("S&P"). Since that time S&P has downgraded AGM to "AA- (stable outlook)." Despite the 2010 Undertaking, the County had not provided notice concerning the rating change on the 2010 Bonds that resulted from the rating downgrade of AGM. Notice of the AGM downgrades has since been filed by the County regarding the rating change on the 2010 Bonds with the MSRB through EMMA, but not in a timely manner as was agreed upon in the 2010 Undertaking.

Pursuant to the issuance of the 2010 Bonds, the County covenanted to pay principal and interest, in part, from the one percent (1%) public facility sales tax (the "Sales Taxes") that was approved via referendum on February 2, 2010 for the purposes of public facilities. The Sales taxes are considered revenue to the County. Pursuant to a custodial agreement between the County and The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri (the "2010 Bonds Paying Agent"), the 2010 Bonds Paying Agent maintains an account where Sales Taxes are deposited for the purpose of paying principal and interest on the 2010 Bonds. For fiscal years 2010 and 2011, the County omitted the Sales Taxes from its audited financial statements thereby under-reporting actual revenues. The County has since restated its audited financial statements for fiscal years 2010 and 2011 to reflect the Sales Taxes revenue and has filed the restated 2010 and 2011 audited financial statements with the MSRB on EMMA.

The County's failure to comply under the 2002 Undertaking, the 2006 Undertaking, and the 2010 Undertaking does not constitute a default under the bond ordinances for the 2002 Bonds, 2006 Bonds nor the 2010 Bonds.

The County has enacted measures to ensure compliance with all of its continuing disclosure obligations. County officials will conduct an annual review of disclosure obligations during the first week of April each year. Such review will determine what steps need to be taken to ensure timely filing of its obligations under all of its continuing disclosure undertakings.

Registered and beneficial owners of the Bonds are limited to the remedies described in the Undertakings, as described below. See **"THE UNDERTAKING – Consequences of Failure of the County to Provide Information."**

THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the County and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the County.

Financial Information Disclosure

The County covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, (as described below, constituting the "Annual Report") electronically through the Electronic Municipal Market Access ("EMMA") system established by the Municipal Securities Rule Making Board (the "MSRB") in accordance with the rules and

procedures established by the MSRB, as hereinafter provided. The County is required to deliver such information constituting the Annual Report to the MSRB electronically through the EMMA system, within 210 days (and if later as to the audited financial statements, when available) of the County's fiscal year for each twelve (12) month period ending November 30, together with the opinion of such independent certified public accountants engaged by the County and all notes thereto. All submissions are to be in a word-searchable PDF form.

Audited Financial Statements. Such Audited Financial Statements are the County's annual audited financial statements, which are completed on a modified accrual basis of accounting consistent with generally accepted accounting principles applicable to government entities.

Annual Financial Information. Annual Financial Information means updated information with respect to the captions in the Official Statement as follows:

- UNION COUNTY
- SOCIO-ECONOMIC INFORMATION
- DEBT INFORMATION
- TAX BASE INFORMATION
- FINANCIAL INFORMATION
- EMPLOYEE PENSION AND OTHER BENEFIT PLANS

Disclosure

The County shall disclose the following events within 10 business days of the occurrence of any of the following events, if material (with respect to which any determination of materiality shall be made by the County in accordance with standards established by federal securities laws), to the MSRB, in each case (i) in an electronic format as prescribed by the MSRB and (ii) accompanied by identifying information as prescribed in MSRB:

- principal and interest payment delinquencies;
- non-payment related defaults; if material
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of credit or liquidity providers, or their failure to perform;
- adverse tax opinions or other material events affecting the tax exempt status of the Bonds; the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities;
- modifications to rights of Bondholders; if material
- bond calls and tender offers; if material
- defeasances;
- rating changes;
- bankruptcy, insolvency, receivership or similar event of the obligated person^{*}

^{*} This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the

- release, substitution or sale of property securing repayment of the Bonds; if material
- the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the obligated person, or entry into or termination of a definitive agreement relating to the foregoing; if material
- appointment of a successor or additional trustee or the change of name of a trustee; if material.

Consequences of Failure of the County to Provide Information

The County shall give notice in a timely manner to the MSRB through the EMMA system, of any failure to provide disclosure of Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the County to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek specific performance by court order, to cause the County to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Ordinance, and the sole remedy under the Undertaking in the event of any failure of the County to comply with the Undertaking shall be an action to compel performance.

Amendment; Modification

Notwithstanding any other provision of the Undertaking, the County may amend or modify the Undertaking, if either:

- (a)
 - (i) The amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County, or type of business conducted;
 - (ii) The Undertaking, as amended or modified, would have complied with the requirements of the Rule on the date hereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
 - (iii) The amendment or modification does not materially impair the interests of the beneficial owners of the Bonds, as determined by any person selected by the County that is unaffiliated with the County or Bond Counsel; or
- (b) such amendment or modification (including an amendment or modification which rescinds the Undertaking) is permitted by the Rule, as then in effect.

assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

Termination of Undertaking

The Undertaking shall be terminated if the County shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Ordinance.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Audited Financial Statements or notice of occurrence of a material Event, in addition to that which is required by the Undertaking. If the County chooses to include any information from any document or notice of occurrence of a material Event in addition to that which is specifically required by the Undertaking, the County shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a material Event.

Dissemination Agent

The County may, at its sole discretion, utilize an agent (the "Dissemination Agent") in connection with the dissemination of any information required to be provided by the County pursuant to the terms of the Rule and the Undertaking. Further, the County may, at its sole discretion, retain counsel or others with expertise in securities matters for the purpose of assisting the County in making judgments with respect to the scope of its obligations.

The initial Dissemination Agent is:

County Treasurer
Union County
309 W. Market Street
Room 123
Jonesboro, Illinois 62952
(618) 833-5621

UNDERWRITING

Bernardi Securities, Inc. (the "Underwriter") has agreed to purchase the Bonds from the County at a price of 98.839% of the principal amount thereof plus accrued interest to the date of delivery. The Underwriter intends to reoffer the Bonds at a price of 101.339% of the principal amount of the Bonds.

The Underwriter must purchase and pay for all of the Bonds if any are purchased. The Bonds are being offered for sale at initial prices stated on the cover of the Official Statement, plus accrued interest. After the initial offer, the offering price and other selling terms may be changed. The Underwriter reserves the right to offer any of the Bonds to one or more purchasers. The Underwriter may engage in secondary market trading in the Bonds subject to applicable securities laws. However, the Underwriter is not obligated to repurchase any of the Bonds at the request of any owner thereof.

DISTRIBUTION OF OFFICIAL STATEMENT

This Official Statement has been prepared for distribution to prospective purchasers and the Underwriter of the County's General Obligation Refunding Limited Bonds, Series 2014, dated the Date of Delivery. All statements and data presented herein have been obtained from reliable sources and are believed to be correct but are not guaranteed by the County.

CERTIFICATION OF OFFICIAL STATEMENT

The County will provide to the Underwriter simultaneously with the delivery of the Bonds, a County officer's certificate which shall state, among other things, that to the best of the knowledge and belief of such officer, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Bonds, was true and correct in all material respects and does not contain any untrue statement of a material fact and does not omit to state a material fact required to be stated therein or necessary to make the statement herein, in light of the circumstances under which they were made, not misleading in any material respect.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion is intended merely as an opinion and not as a representation of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

/s/ Don Denny
Chairman of the Board of Commissioners
The County of Union, Illinois

APPENDIX A

Book-Entry Form

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other bond transactions in deposited bonds, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of bond certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. bond brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the County or the Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Registrar, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records to the Registrar. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Registrar's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

APPENDIX B

Audited Financial Statements for Year Ending November 30, 2012

**UNION COUNTY, ILLINOIS
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
November 30, 2012**

**TANNER MARLO CPAs INC.
509 ½ EAST DEYOUNG STREET
MARION, ILLINOIS 62959**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Union County
County Courthouse
Jonesboro, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for Union County, Illinois, as of and for the year ended November 30, 2012, which collectively comprise the County's basic financial statements as listed in the accompanying table of contents. These basic financial statements are the responsibility of Union County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Union County Emergency Telephone System Board, which represents a significant portion of the County's Proprietary type funds. Those financial statements were audited by other auditors, whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included for the 911 Fund, is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our opinion.

As discussed in Note A, Union County prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each

major fund, and the aggregate remaining fund information of Union County, Illinois as of November 30, 2012, and the respective changes in cash basis financial position thereof for the year ended in conformity with the basis of cash receipts and disbursements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2013 on our consideration of Union County, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Union County, Illinois taken as a whole. The other supplementary information as listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Union County, Illinois. Such information has been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, in our opinion based on our audit and the report of other auditors is fairly stated in all material respects in relation to the basic financial statements taken as a whole on the cash basis of accounting.

The required supplementary information, as listed in the accompanying table of contents, including Management's Discussion and Analysis and the General Fund Budgetary Comparison Schedule, is not a required part of the basic financial statements, but is supplementary information required by Governmental Accounting Standards Board. We and other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.

A handwritten signature in black ink, reading "Tanner Marlo CPAs Inc." in a cursive script.

TANNER MARLO CPAs INC.
Certified Public Accountants & Consultants
Marion, IL 62959

May 16, 2013



TANNER MARLO CPAs, INC
Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Union County Board of Commissioners
Courthouse
Jonesboro, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Union County, Illinois as of and for the year ended November 30, 2012, which collectively comprises Union County, Illinois' basic financial statements and have issued our report thereon dated May 16, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Union County, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Union County, Illinois' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Reportable conditions are described in the accompanying schedule.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information of the County Board, management, the oversight audit agency and other audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Tanner Marlo". The signature is fluid and cursive, with a long horizontal stroke at the end.

TANNER MARLO CPAs INC.
Certified Public Accountants & Consultants
Marion, IL 62959

May 16, 2013

**UNION COUNTY, ILLINOIS
SCHEDULE OF FINDINGS
YEAR ENDED NOVEMBER 30, 2012**

MATERIAL WEAKNESSES:

No matters are reportable.

SIGNIFICANT DEFICIENCIES:

No matters are reportable.

OTHER MATTERS:

Prior Year Comments

Audit Adjustments

During the course of an audit engagement, an auditor will propose adjustments of financial statement amounts. Management evaluates our proposals and records those adjustments, which, in their judgment, are required to prevent the financial statements from being misstated. During our audit we noted audit adjustments from the prior year were not posted to the County's books. In order to correct fund balances for some funds, these adjustments had to be recorded again in fiscal year 2012.

We will be working with management in the coming year to resolve this issue and assist in recording these adjustments.

Outstanding Checks

During our audit we noted several checks that had been outstanding for more than six months. Outstanding checks greater than 180 days old are no longer valid and should be removed from the list of outstanding checks. The State of Illinois has escheat laws that govern the disposition of unclaimed property.

We recommend the Board of Commissioners consult with the States Attorney's office to determine the proper disposition of the old checks. In addition, the Board should develop a policy going forward to address checks that become old and no longer valid.

**UNION COUNTY, ILLINOIS
SCHEDULE OF FINDINGS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2012**

Current Year Comments

Tax Levy and Appropriation Allocations

The tax levy for the County has allocations to restricted funds which may need to be redistributed for better cost matching of services. We recommend a review of the tax levy and appropriation to match revenues generated to costs incurred and evaluate on an annual basis with the states attorney, Board of Commissioners, and county auditor prior to levy.

Management Discussion and Analysis

As management of Union County, we offer readers of Union County's financial statements this narrative overview and analysis of the financial activities of Union County for the fiscal year ending November 30, 2012.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Union County's basic financial statements. Union County's basic financial statements: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Union County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Union County's finance assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Union County is improving or deteriorating.

The statement of activities presents information showing how the government's assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change that occurs, regardless of the timing of related cash

**UNION COUNTY, ILLINOIS
SCHEDULE OF FINDINGS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2012**

flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal period (e.g., uncollected taxes and earned but unused sick day and vacation leave).

Both of the government-wide financial statements distinguish functions of Union County that are principally supported by taxes and intergovernment revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government activities of Union County include general government, public safety, roads and bridges. The business-type activities of Union County include an Ambulance Service and 9-1-1. The government-wide financial statement can be found attached to this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Union County, like other county, state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Union County can be divided into three categories: government funds, proprietary funds, and fiduciary funds.

Government Funds

Government funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Union County maintains individual government funds. Information is presented separately in the governmental fund balance sheets and in the governmental fund statement of revenue and expenditures, and changes in fund balance.

**UNION COUNTY, ILLINOIS
SCHEDULE OF FINDINGS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2012**

Union County adopts an annual appropriated budget for the General fund, County highway funds Municipal Retirement & Social Security, Tuberculosis, County Ambulance, Cemetery fund, Liability Insurance & Unemployment Compensation, General Assistance, Co-Operative Extension, Law Library, County Tourism County Hotel/Motel tax and Public Safety. A budgetary comparison statement is provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found attached with this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The basic fiduciary fund financial statements are attached as a part of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found attached with this report.

Contact and Requests

This financial report is designed to provide a general overview of Union County's finances for all those with an interest in the government's finances. Question concerning any of the information provided in this report or request for additional financial information should be addressed to the Union County Commissioners, 309 W. Market St. Room 100, Jonesboro, Illinois 62952.

UNION COUNTY, ILLINOIS
STATEMENT OF NET ASSETS- CASH BASIS
November 30, 2012

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 9,853,071	\$ 673,097	\$ 10,526,168
Stamps on hand	12,000	-	12,000
Loans receivable	153,796	-	153,796
Due from other funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u><u>\$ 10,018,867</u></u>	<u><u>\$ 673,097</u></u>	<u><u>\$ 10,691,964</u></u>
Liabilities:			
Due to other funds	\$ -	\$ -	\$ -
General obligation bond	16,290,000	-	16,290,000
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>16,290,000</u>	<u>-</u>	<u>16,290,000</u>
Net Assets:			
Restricted for:			
Inventory	12,000	-	12,000
Revolving loan fund	227,609	-	227,609
Debt Service	5,848,743	-	5,848,743
Unrestricted	(12,359,485)	673,097	(11,686,388)
	<hr/>	<hr/>	<hr/>
Total Net Assets	<u><u>\$ (6,271,133)</u></u>	<u><u>\$ 673,097</u></u>	<u><u>\$ (5,598,036)</u></u>

See accompanying notes to financial statements.

UNION COUNTY, ILLINOIS
STATEMENT OF ACTIVITIES-CASH BASIS
For the Year Ended November 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges For Services	Grants	Governmental Activities	Business-type Activities	Total
Government Activities						
Governmental Activities						
General Government	\$ (2,383,789)	\$ 663,675		\$ (1,720,114)	\$ -	\$ (1,720,114)
Highways and streets	(2,263,987)	494,733	-	(1,769,254)	-	(1,769,254)
Public safety and judiciary	(2,660,134)	136,767	36,958	(2,486,409)	-	(2,486,409)
Health and welfare	(53,940)	-	-	(53,940)	-	(53,940)
Other	(1,063,158)	-	-	(1,063,158)	-	(1,063,158)
Debt Service	(7,373,200)	-		(7,373,200)	-	(7,373,200)
Total Governmental Activities	<u>(15,798,208)</u>	<u>1,295,175</u>	<u>36,958</u>	<u>(14,466,075)</u>	<u>-</u>	<u>(14,466,075)</u>
Business-Type Activities						
Ambulance	(1,100,285)	647,066	-	-	(453,219)	(453,219)
911	(309,135)	211,421	-	-	(97,714)	(97,714)
Animal Control	(69,742)	50,774	-	-	(18,968)	(18,968)
Total Business-Type Activities	<u>(1,479,162)</u>	<u>909,261</u>	<u>-</u>	<u>-</u>	<u>(569,901)</u>	<u>(569,901)</u>
Total Government Activities	<u>\$ (17,277,370)</u>	<u>\$ 2,204,436</u>	<u>\$ 36,958</u>	<u>\$ (14,466,075)</u>	<u>\$ (569,901)</u>	<u>\$ (15,035,976)</u>
General Revenues						
Public safety tax				\$ 1,256,412	\$ -	\$ 1,256,412
Property and replacement taxes				4,493,752	262,896	4,756,648
Sales, service and utility taxes				527,711	-	527,711
Motor fuel tax				754,949	-	754,949
State income tax				841,766	-	841,766
Interest income				32,713	9,168	41,881
Other receipts and reimbursements				1,797,521	5,861	1,803,382
Transfers				(24,000)	24,000	-
Total General Revenues				<u>9,680,824</u>	<u>301,925</u>	<u>9,982,749</u>
Change in Net Assets				(4,785,251)	(267,976)	(5,053,227)
Net Assets - Beginning of Year				(1,485,882)	941,073	(544,809)
Net Assets - End of Year				<u>\$ (6,271,133)</u>	<u>\$ 673,097</u>	<u>\$ (5,598,036)</u>

The notes to the financial statements are an integral part of this statement.

UNION COUNTY, ILLINOIS
COMBINING BALANCE SHEET-CASH BASIS
GOVERNMENTAL FUNDS
November 30,2012

	General	Liability Insurance	County Highway	Revolving Loan Fund	Other Governmental Funds	Totals
ASSETS						
Cash and cash equivalents	\$ 1,962,790	\$ 644,578	\$ 152,111	\$ 73,813	\$ 7,019,779	\$ 9,853,071
Stamps on hand	12,000	-	-	-	-	12,000
Loans receivable	-	-	-	153,796	-	153,796
Due from other funds	-	-	-	-	-	-
Total Assets	<u>\$ 1,974,790</u>	<u>\$ 644,578</u>	<u>\$ 152,111</u>	<u>\$ 227,609</u>	<u>\$ 7,019,779</u>	<u>\$ 10,018,867</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (Deficit):						
Reserved for inventory	12,000	-	-	-	-	12,000
Reserved for revolving loan fund	-	-	-	227,609	-	227,609
Reserved for debt service	-	-	-	-	5,848,743	5,848,743
Unreserved reported in:						
General Fund	1,962,790	-	-	-	-	1,962,790
Special revenue funds	-	644,578	152,111	-	1,171,036	1,967,725
Total Fund Balances	<u>1,974,790</u>	<u>644,578</u>	<u>152,111</u>	<u>227,609</u>	<u>7,019,779</u>	<u>10,018,867</u>
Total Liabilities and Fund Balances	<u>\$ 1,974,790</u>	<u>\$ 644,578</u>	<u>\$ 152,111</u>	<u>\$ 227,609</u>	<u>\$ 7,019,779</u>	<u>\$ 10,018,867</u>
Reconciliation to Statement of Net Assets:						
Total fund balance for governmental funds						\$ 10,018,867
Amounts reported for governmental activities in the statement of net assets are different because:						
Liabilities, including capital debt obligations payable, are not due and payable in the current period and therefore are not reported in the funds.						(16,290,000)
Net assets of governmental activities						<u>\$ (6,271,133)</u>

See accompanying notes to financial statements.

UNION COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-CASH BASIS
GOVERNMENTAL FUNDS
November 30, 2012

	General	Liability Insurance	County Highway	Revolving Loan Fund	Other Governmental Funds	Totals
Revenues:						
Public safety tax	\$ -	\$ -	\$ -	\$ -	\$ 1,256,412	\$ 1,256,412
Property and replacement taxes	3,522,409	-	117,605	-	853,738	4,493,752
County share of Illinois income tax	841,766	-	-	-	-	841,766
County share of sales tax	527,711	-	-	-	-	527,711
Salary reimbursements	380,426	-	-	-	501,801	882,227
Service fee, fines, licenses and commissions	615,254	-	81,901	-	185,188	882,343
Interest income	13,930	1,693	2,275	8,811	6,004	32,713
Equipment rental	-	-	412,832	-	-	412,832
Motor fuel tax allotments	-	-	-	-	754,949	754,949
Grants and entitlements	-	-	-	-	36,958	36,958
Other receipts and reimbursements	472,502	50,000	212,786	-	180,006	915,294
Total Revenues	<u>6,373,998</u>	<u>51,693</u>	<u>827,399</u>	<u>8,811</u>	<u>3,775,056</u>	<u>11,036,957</u>
Expenditures:						
General government	1,930,596	-	-	-	33,347	1,963,943
Public safety	1,171,183	-	-	-	392,561	1,563,744
Corrections	140,288	-	-	-	-	140,288
Judiciary and legal	724,810	-	-	-	231,292	956,102
Health and wellness	-	-	-	-	53,940	53,940
Highways and streets	-	-	780,926	-	1,483,061	2,263,987
Other expenditures and reimbursements	-	488,222	-	-	7,948,136	8,436,358
Total Expenditures	<u>3,966,877</u>	<u>488,222</u>	<u>780,926</u>	<u>-</u>	<u>10,142,337</u>	<u>15,378,362</u>
Excess(Deficiency) of Revenues Over Expenditures	<u>2,407,121</u>	<u>(436,529)</u>	<u>46,473</u>	<u>8,811</u>	<u>(6,367,281)</u>	<u>(4,341,405)</u>
Other Financing Sources(Uses):						
Repayment of debt	-	-	-	-	(869,846)	(869,846)
Transfers in	-	-	-	-	149,544	149,544
Transfers out	(36,000)	-	-	-	(137,544)	(173,544)
Total Other Financing Sources(Uses)	<u>(36,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(857,846)</u>	<u>(893,846)</u>
NET CHANGE IN FUND BALANCES	2,371,121	(436,529)	46,473	8,811	(7,225,127)	(5,235,251)
FUND BALANCES(deficit), BEGINNING OF YEAR	<u>(396,331)</u>	<u>1,081,107</u>	<u>105,638</u>	<u>218,798</u>	<u>14,244,906</u>	<u>15,254,118</u>
FUND BALANCES(deficit), END OF YEAR	<u>\$ 1,974,790</u>	<u>\$ 644,578</u>	<u>\$ 152,111</u>	<u>\$ 227,609</u>	<u>\$ 7,019,779</u>	<u>\$ 10,018,867</u>
Reconciliation to change in net assets:						
Net change in fund balance for governmental funds						\$ (4,341,405)
Amounts reported for governmental activities in the statement of activities are different because:						
Net activity in long term debt						(443,846)
Change in net assets of governmental activities						<u>\$ (4,785,251)</u>

See accompanying notes to financial statements.

UNION COUNTY, ILLINOIS
STATEMENT OF NET ASSETS- CASH BASIS
PROPRIETARY FUNDS
November 30, 2012

	<u>Major</u>		<u>Non-Major</u>	
	<u>Ambulance</u>		<u>Animal</u>	
	<u>Fund</u>	<u>911 Fund</u>	<u>Control</u>	<u>Total</u>
ASSETS:				
Current Assets:				
Cash and cash equivalents	<u>\$ 139,060</u>	<u>\$ 519,831</u>	<u>\$ 14,206</u>	<u>673,097</u>
Total Assets	<u><u>\$ 139,060</u></u>	<u><u>\$ 519,831</u></u>	<u><u>\$ 14,206</u></u>	<u><u>\$ 673,097</u></u>
NET ASSETS				
Unrestricted	<u>\$ 139,060</u>	<u>\$ 519,831</u>	<u>\$ 14,206</u>	<u>\$ 673,097</u>
Total Net Assets	<u><u>\$ 139,060</u></u>	<u><u>\$ 519,831</u></u>	<u><u>\$ 14,206</u></u>	<u><u>\$ 673,097</u></u>

See accompanying notes to financial statements.

UNION COUNTY, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
November 30, 2012

	<u>Major</u>		<u>Non-Major</u>	
	<u>Ambulance</u>		<u>Animal</u>	
	<u>Fund</u>	<u>911 Fund</u>	<u>Control</u>	<u>Total</u>
Operating Revenues				
Charges for services	\$ 647,066	\$ 211,421	\$ 50,774	\$ 909,261
Property and replacement taxes	262,896		-	262,896
Other receipts and reimbursements	920		4,941	5,861
Total Operating Revenues	<u>910,882</u>	<u>211,421</u>	<u>55,715</u>	<u>1,178,018</u>
Operating Expenses:				
Salaries	649,222	162,314	56,895	868,431
Fringe benefits	92,274	-	-	92,274
Telephone	-	63,644	1,430	65,074
Utilities	20,642	-	5,266	25,908
Supplies	34,950	12,451	3,214	50,615
Office expense	8,602	-	137	8,739
Travel	3,384	-	507	3,891
Maintenance and repairs	93,252	48,840	1,558	143,650
Equipment	183,531	8,431	137	192,099
Miscellaneous	14,428	13,455	598	28,481
Total Operating Expenses	<u>1,100,285</u>	<u>309,135</u>	<u>69,742</u>	<u>1,479,162</u>
Operating Income (Loss)	<u>(189,403)</u>	<u>(97,714)</u>	<u>(14,027)</u>	<u>(301,144)</u>
Nonoperating Revenues				
Interest income	<u>3,855</u>	<u>5,264</u>	<u>49</u>	<u>9,168</u>
Total Nonoperating Revenues	<u>3,855</u>	<u>5,264</u>	<u>49</u>	<u>9,168</u>
Net Income(Loss) Before Contributions and Transfers	(185,548)	(92,450)	(13,978)	(291,976)
Transfers in	<u>-</u>	<u>-</u>	<u>24,000</u>	<u>24,000</u>
Change in net assets	(185,548)	(92,450)	10,022	(267,976)
Total net assets-beginning	<u>324,608</u>	<u>612,281</u>	<u>4,184</u>	<u>941,073</u>
Total net assets-ending	<u>\$ 139,060</u>	<u>\$ 519,831</u>	<u>\$ 14,206</u>	<u>\$ 673,097</u>

See accompanying notes to financial statements.

UNION COUNTY, ILLINOIS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES-CASH BASIS
AGENCY FUNDS
November 30, 2012

	Circuit Clerk Bond Fund	General Assistance Earnfare	Total
Assets:			
Cash and cash equivalents	\$ 350,127	\$ 13,244	\$ 363,371
Total Assets	<u>\$ 350,127</u>	<u>\$ 13,244</u>	<u>\$ 363,371</u>
Liabilities:			
Escrow liability	\$ 350,127	\$ -	\$ 350,127
Due to General Assistance Program	<u>-</u>	<u>7,552</u>	<u>7,552</u>
Total Liabilities	<u>350,127</u>	<u>7,552</u>	<u>357,679</u>
Net Assets	<u>\$ 350,127</u>	<u>\$ 5,692</u>	<u>\$ 355,819</u>

UNION COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2012

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note A.3, these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

1. Reporting Entity

Union County operates under a Board of County Commissioners form of government and provides the following services: public safety, highways and streets, education, judiciary, corrections, health and social services, county improvements, and general administrative services. The County, for financial purposes, includes all of the funds relevant to the operations of Union County. The County is considered to be a primary government pursuant to GASB Statement 14 since it is legally separate and fiscally independent. The County has no component units which are legally separate entities from the County for which the County is financially accountable or whose relationship with the County is such that exclusion would cause the County's statements to be misleading or incomplete.

2. Basis of Presentation-Fund Accounting

Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the County as a whole. They include all funds of the County except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given functional category are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional category. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given functional category and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular functional category. Taxes and other items not properly included among program revenues are reported instead as general revenues.

UNION COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
November 30, 2012

Fund Financial Statements

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary categories. The County's fiduciary funds are presented separately. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The statement of activities demonstrates the degree to which the direct expenses of a given functional category are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional category. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given functional category and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular functional category. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The funds of the County are described below:

Governmental Funds

General Fund

The General Fund is the operating fund of the County and is always classified as a major fund. It is established to account for all financial resources except those required to be accounted for in another fund. General tax receipts and other sources of receipts used to finance the fundamental operations of the County are included in this fund.

UNION COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
November 30, 2012

Special Revenue Funds

Special Revenue Funds are established to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Debt Service Fund

The Debt Service Fund is established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than those payable from the Enterprise Funds.

Fiduciary Funds

These funds account for assets held by the County as a trustee or agent for individuals, private organizations, and other units of governments. These funds are as follows:

Agency Funds

Agency Funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. These funds are used to account for assets that the government holds for others in an agency capacity.

Proprietary Funds

These funds account for operations that are organized to be self-supporting through user charges. The government applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. The following is the County's proprietary fund:

Enterprise Funds

Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that costs of providing services to the general public on a counting basis be recovered through user charges/

UNION COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
November 30, 2012

3. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and how they are reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The County maintains its accounting records for all funds on the cash basis. Accordingly, revenue is recognized and recorded when cash is received and expenditures are recognized and recorded when checks are written. Only assets representing a right to receive cash arising from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities of a particular fund. This differs from the generally accepted accounting principles of recording revenues and expenditures of Governmental Funds when they become measurable and available, and when the related liabilities is incurred.

4. Budgets and Budgetary Accounting

The County's budget is prepared so that each fund's budgeted revenue received and expenditures disbursed can be compared to the actual revenue received and expenditures disbursed.

Total fund disbursements may not legally exceed the budgeted disbursements. The budget lapses at the end of each fiscal year.

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to November 15, a proposed operating budget for the fiscal year commencing the following December 1, is submitted to the County Board. The operating budget includes proposed expenditures and the means of financing them.
2. The Budget is made available for the public inspection for fifteen days prior to final action thereon.
3. Prior to December 1, the budget is formally approved by the Board action.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
5. Budgets for the General and Special Revenue Funds are adopted on the cash basis of accounting.

UNION COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
November 30, 2012

5. Cash and Cash Equivalents

For purposes of the statement of cash flows of the enterprise fund, the County considers all cash and certificates of deposit to be cash and cash equivalents.

6. Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

7. Property and Equipment

The County does not capitalize fixed assets and does not maintain fixed asset records. Assets are expended when purchased.

8. Encumbrances

The County does not maintain information concerning encumbrances. Therefore, no amounts for encumbrances are reported in the financial statements.

9. Accumulated Unpaid Vacation and Sick Pay

Most County Employees are covered under a union contract and are entitled to certain compensated absences based on their employment contract. These compensated absences do accumulate if not used by the employee in the year ended. Upon termination, employees are compensated for unused vacation pay. As a result of the use of cash basis accounting, liabilities related to accrued compensated absences are not recorded in the government-wide or fund financial statements. Expenditures/expenses related to compensated absences are recorded when paid.

UNION COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
November 30, 2012

10. Estimates

The preparation of financial statements in conformity with the United States generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

11. Differences from GAAP

As discussed in Note A.2, the County reports both the government-wide and fund financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

NOTE B-PROPERTY TAXES

The County's property tax is levied each year on all taxable real property located in the County on or before the last Tuesday in December. The levy was passed by the Commissioners on November 25, 2011. Property taxes attach as an enforceable lien on property as of January 1, and are payable in two installments in December and February. The County receives significant distributions of tax receipts approximately one month after these due dates. Property taxes are not recognized as revenue until they are received.

NOTE C-DEPOSITS AND INVESTMENTS

Authorized Deposits and Investments

Illinois Compiled Statutes authorize the County to invest in interest bearing savings accounts, certificates of deposit and time deposits, shares or other forms of securities legally insurable by savings and loan associates, bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America, and short term discount obligations of the Federal National Mortgage Association.

UNION COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
November 30, 2012

Deposits

At November 30, 2012 the carrying amount of the County's deposits with financial institutions was \$10,526,168 and the bank balance was \$10,671,349.

Custodial Credit Risk-Custodial risk is the risk that in the event of a bank failure, the County's deposits may not be returned to the County. Due to the nature of the certificates of deposit, they are included as deposit balances on the balance sheet. As of November 30, 2012, the County has no uninsured/uncollateralized deposits.

At November 30, 2012, of the bank balance of \$10,671,349, \$1,323,772 was covered by federal depository insurance, \$9,347,577 was collateralized by pledged bank assets in the County's name, and no funds were left uninsured/uncollateralized.

Investments

Interest Rate Risk-Interest rate risk is the risk that the fair value of an investment will decline as interest increases. The County's investment policy is described in the paragraph below. Due to the County's type of investments at November 30, 2012, certificates of deposits, interest rate risk is not significant.

Credit Risk-Credit risk is the risk that the financial counter party will fail to meet its defined obligations. State statutes authorize the County to invest only in direct obligations of the U.S. Governments or its agencies; direct obligations of any financial institution that is insured by the Federal Deposit Insurance Corporation; short-term obligations of corporations rated A or better by at least two standard rating services; obligations of the State of Illinois and its political subdivisions; insured accounts of credit unions located in the State of Illinois; The Illinois Funds; certain money market mutual funds where the portfolio is limited to U.S. Government securities; and certain repurchase agreements. Credit quality ratings disclosures do not apply to debt securities of the U.S. government.

Custodial Credit Risk-For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

UNION COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2012

NOTE D-LOANS RECEIVABLE/REVOLVING LOAN PROGRAM

The County has established a Revolving Loan Program through the use of funds from the Illinois Department of Commerce and Community Affairs. These funds are to be used to promote economic development in the County by providing low interest loans. As the funds are recaptured from the loans, they may be used to make other economic development loans. As of November 30, 2012, the County had the following loans receivable through the revolving loans program:

	<u>Loan Amount</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at 11/30/11</u>
Amy D. Mezo	\$ 40,000	6/14/2006	5%	1/14/2022	\$ 22,067
Open Gate Custom Meats	50,000	5/07/2010	5%	6/01/2026	39,563
McCann & Son's A/C & Heating	25,250	11/19/2004	5%	2/19/2015	6,565
Boars Nest Bed & Breakfast	30,000	12/05/2005	5%	6/05/2020	14,898
Fill Up Mart	25,000	8/14/2010	5%	9/05/2025	20,097
Stegle Plumbing	25,000	11/21/2011	5%	8/21/2026	23,857
TLC Metals	30,000	10/27/2010	5%	11/1/2024	26,749
	<u>\$225,250</u>				<u>\$153,796</u>

As of November 30, 2012, all loans were considered current.

UNION COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
November 30, 2012

NOTE E-RETIREMENT COMMITMENTS

Illinois Municipal Retirement Fund-Defined Benefit Pension Plan

The County's defined benefit pension plan, Illinois Municipal Retirement (IMRF), provides retirement, disability, annual cost of living adjustments, and death benefits to plan member and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. SLEP members are required to contribute 7.50 percent of their annual covered salary. ECO members are required to contribute 7.50 percent of their annual covered salary. The member rate is established by the state statute. The County is required to contribute at an actuarially determined rate. The employer rate for calendar year 2012, based on the 2011 valuation, was 18.39 percent of payroll for SLEP member, 19.48 percent of payroll for ECO members and 13.67 percent for all other employees. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The remaining amortization period at December 31, 2011 was 20 years for ECO members and all other employees and 2 years for SLEP members.

For December 1, 2012, the County's annual pension cost of \$ 20,113 for SLEP members, \$54,111 for ECO members and \$256,228 for all other members was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.3 percent to 12.2 percent a year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3 percent annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period, with a 20 percent corridor. The assumptions used for the 2011 actuarial valuation were based on the 2007-2009 experience study.

UNION COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
November 30, 2012

NOTE F-LEGAL DEBT MARGIN

The County is subjected to the Municipal Finance Law of Illinois, which limits the amount of net bonded debt the County may have outstanding to 5.75 percent of the assessed valuation.

At November 30, 2012 the statutory limit for the County was \$10,288,029 providing a remaining debt margin of \$8,033,029.

NOTE G-LONG-TERM DEBT

Bonds Payable

Union County, Illinois issued General Obligation Self-Insurance Refunding Bonds, Series 2002 on May 14, 2002. These bonds were issued to refinance the County's portion of continuing costs of establishing a joint self-insurance program with other Illinois counties pursuant to the Southern Illinois Counties Insurance Trust. The refinancing consisted of refunding the Series 1993 and 1995 bonds. The interest on the General Obligation Self-Insurance Refunding Bonds, Series 2002 is payable, on June 1 and December 1 of each year commencing on June 1, 2002.

Union County, Illinois issued General Obligation Self-Insurance Bonds, Series 2006 on October 16, 2006. These bonds were issued to finance the County's portion of a "Recapitalization Project for Southern Illinois Counties Insurance Trust" in order to ensure the future financial viability of the Trust. The interest on the General Obligation Self-Insurance Refunding Bonds, Series 2006 is payable on June 1 and December 1 of each year commencing on June 1, 2007.

UNION COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
November 30, 2012

The interest rates on both Bonds, Series 2002 and Series 2006, vary and are outlined below. The Union Trust Corporation of Streator, Illinois, is the paying agent. The bonds are direct general obligations of Union County, Illinois, and contain a pledge of the County's full faith and credit for the payment of the principal and interest on the bonds. The bond payment schedules including interest rates are as follows:

Series 2002

Fiscal Year Ending November 30	Interest Rate	Principal	Interest	Total Payments
2013	4.500%	165,000	23,705	188,705
2014	4.600%	170,000	16,280	186,280
2015	4.700%	<u>180,000</u>	<u>8,460</u>	<u>188,460</u>
		<u>\$ 515,000</u>	<u>\$ 48,445</u>	<u>\$ 563,448</u>

Series 2006

Fiscal Year Ending November 30	Interest Rate	Principal	Interest	Total Payments
2013	4.75%	-	82,670	82,670
2014	4.00%	100,000	82,670	182,670
2015	4.05%	105,000	78,670	183,670
2016	4.10%	280,000	74,418	354,418
2017	4.20%	300,000	62,938	362,938
2018	4.25%	305,000	50,338	355,338
2019	-	-	-	-
2020	5.75%	<u>650,000</u>	<u>56,636</u>	<u>706,636</u>
		<u>\$1,740,000</u>	<u>\$ 488,340</u>	<u>\$2,228,340</u>

UNION COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
November 30, 2012

Union County Illinois issued General Obligation Recovery Zone Economic Development Bonds, Series 2010A, General Obligation Build America Bonds, Series 2010B, and General Obligation Bonds, Series 2010C on December 8, 2010. These bonds were issued to finance the construction of a new courthouse facility. All of the associated bonds are payable on September 1 and March 1 of each year commencing on September 1, 2012.

The Bank of New York Mellon Trust Company, N.A., is the paying agent. The bonds are direct general obligations of Union County, Illinois, and contain a pledge of the County's full faith and credit for the payment of the principal and interest on the bonds. The bond payment schedules are as follows:

Series 2010A			
Fiscal Year Ending November 30	Principal	Interest	Total
2013	-	79,715	79,715
2014	-	79,715	79,715
2015	-	79,715	79,715
2016	-	79,715	79,715
2017-2021	-	398,575	398,575
2022-2026	-	398,575	398,575
2027-2031	-	398,575	398,575
2032-2036	-	398,575	398,575
2037-2041	215,000	398,575	613,575
2042	<u>855,000</u>	<u>63,697</u>	<u>918,697</u>
	<u>\$1,070,000</u>	<u>\$2,375,432</u>	<u>\$3,445,432</u>

UNION COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
November 30, 2012

Series 2010B

Fiscal Year Ending November 30	Principal	Interest	Total
2013	-	824,280	824,280
2014	-	824,280	824,280
2015	280,000	814,760	1,094,760
2016	285,000	804,215	1,089,215
2017-2021	1,555,000	3,883,625	5,438,625
2022-2026	1,860,000	3,448,720	5,308,720
2027-2031	2,310,000	2,901,405	5,211,405
2032-2036	2,925,000	1,822,166	4,747,166
2037-2041	<u>3,420,000</u>	<u>726,774</u>	<u>4,146,774</u>
	<u>\$12,635,000</u>	<u>\$16,050,225</u>	<u>\$28,685,225</u>

Series 2010C

Fiscal Year Ending November 30	Principal	Interest	Total
2013	165,000	10,065	175,065
2014	<u>165,000</u>	<u>6,188</u>	<u>171,188</u>
	<u>\$330,000</u>	<u>\$16,253</u>	<u>\$346,253</u>

UNION COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
November 30, 2012

The annual cash flow requirement for next four years of bond and interest is as follows:

Fiscal Year Ending November 30	Principal	Interest	Total
2013	330,000	1,020,435	1,350,435
2014	435,000	1,009,133	1,444,133
2015	565,000	981,605	1,546,605
2016	<u>565,000</u>	<u>958,348</u>	<u>1,523,348</u>
	<u>\$ 1,895,000</u>	<u>\$ 3,969,521</u>	<u>\$ 5,864,521</u>

NOTE H-RISK MANAGEMENT AND LITIGATION

The County is exposed to various risks of loss including, but not limited to, general liability, property casualty, workers compensation and public official liability. To limit exposure to these risks, Union County participates in the Southern Illinois Counties Insurance Trust. The Trust is setup to provide Pulaski and Union Counties with basic insurance coverage. The trust is funded by insurance premiums from each of the participants along with bond proceeds issued by each county to provide the insurance reserves. Total bond proceeds for providing the initial reserve was \$4,500,000 with a self-insured retention of \$250,000. During 2006, the Trust's members approved a "Recapitalization Project for Southern Illinois Counties Insurance Trust." This project included the issuance of a total of \$4 million in bonds by the respective members in order to ensure the future financial viability of the Trust as well as a self-imposed assessment of \$200,000. The County's policy is to record any related expenditures in the year in which they are notified of a loss.

UNION COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
November 30, 2012

NOTE I-EXPENDITURES IN EXCESS OF BUDGET

Excess of expenditures over appropriations in individual funds for the year ended November 30, 2012, are as follows:

<u>Fund</u>	<u>Expenditures</u>	<u>Budget</u>
General	\$3,889,505	\$3,966,877
County Bridge	\$ 82,979	\$ 61,500
Public Safety	\$ 354,923	\$ 335,500
County Tourism	\$ 67,494	\$ 42,000
Animal Control	\$ 69,742	\$ 67,700
County Ambulance	\$1,100,285	\$ 984,000

NOTE J-RESTRICTED ASSETS

Certain resources are classified as restricted assets on the balance sheet because their use is limited to a specific purpose. A summary of restricted assets at November 30, 2012 is as follows:

Restricted Assets

Revenue Stamps	
Inventory	\$ 12,000
Revolving Loan Fund	
Cash	73,813
Loans receivable	153,796
Debt Service	
Cash	<u>5,848,743</u>
	<u>\$ 6,088,352</u>

UNION COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)
November 30, 2012

NOTE K-INTERFUND TRANSFERS

The following is a schedule of operating transfers as included in the Statement of Net Assets of the County.

	<u>Transfers In</u>	<u>Transfers out</u>
Major Funds:		
General Fund	\$ -	\$ 36,000
Total Major Funds	<u>-</u>	<u>36,000</u>
Nonmajor Governmental Funds:		
Animal Control	24,000	-
Cemetery Fund	12,000	-
County Motor Fuel Tax	-	80,000
County Unit Road District - MFT	80,000	-
Hard Road	-	57,544
Township Bridge	<u>57,544</u>	<u>-</u>
Total Nonmajor Funds	<u>173,544</u>	<u>137,544</u>
 TOTAL ALL FUNDS	 <u>\$ 173,544</u>	 <u>\$ 173,544</u>

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

NOTE L-CONSTRUCTION IN PROGRESS

Union County, Illinois is currently in the process of building a new courthouse facility. As of November 30, 2012, the county has expended a total of \$9,169,489 in construction costs and other fees associated with the ongoing project.

REQUIRED SUPPLEMENTARY INFORMATION

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS
GENERAL FUND
November 30, 2012

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Property and replacement taxes	\$ 276,500	\$ 276,500	\$ 3,522,409	\$ 3,245,909
County share of IL income tax	700,000	700,000	841,766	141,766
County share of sales tax	600,000	600,000	527,711	(72,289)
Service fees, licenses and commissions	730,290	730,290	615,254	(115,036)
Interest income	4,900	4,900	13,930	9,030
Salary reimbursements	138,500	138,500	380,426	241,926
Other receipts and reimbursements	504,700	504,700	472,502	(32,198)
Total revenues	2,954,890	2,954,890	6,373,998	3,419,108
GENERAL GOVERNMENT				
Board of Commissioners				
Salaries	24,000	24,000	18,231	5,769
Travel and expense	1,000	1,000	1,462	(462)
Printing	1,000	1,000	-	1,000
Office supplies	100	100	-	100
	26,100	26,100	19,693	6,407
County Clerk				
Salary-County Clerk	54,000	54,000	53,604	396
Salary-Deputies	62,940	62,940	63,206	(266)
Salary-part-time	3,500	3,500	3,475	25
Salary-overtime	2,000	2,000	430	1,570
Fees-vital statistics	200	200	200	-
Microfilm	2,500	2,500	40	2,460
Office Supplies	3,000	3,000	3,336	(336)
Postage and box rent	2,500	2,500	2,356	144
Ledgers and binders	1,000	1,000	154	846
Association dues	250	250	660	(410)
Photocopy supplies	1,500	1,500	879	621
Equipment service contract	3,000	3,000	3,146	(146)
Maintenance-equipments	2,900	2,900	-	2,900
Travel	500	500	34	466
Miscellaneous	500	500	233	267
	140,290	140,290	131,753	8,537
Collector and Treasurer				
Salary-Treasurer	54,000	54,000	52,360	1,640
Salary-Overtime	5,000	5,000	4,193	807
Salary-Deputies	60,964	60,964	30,361	30,603
Equipment and repair	300	300	1,058	(758)
Postage and envelopes	4,500	4,500	4,941	(441)
Office supplies	1,500	1,500	5,510	(4,010)
Publishing	2,500	2,500	2,998	(498)
Dues	260	260	150	110
Travel and expense	500	500	-	500
	129,524	129,524	101,571	27,953
Subtotal general government				
Carried forward	295,914	295,914	253,017	42,897

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS (CONTINUED)
GENERAL FUND
November 30, 2012

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government brought forward	\$ 295,914	\$ 295,914	\$ 253,017	\$ 42,897
Other expenditures and reimbursements				
County audit and budget preparation	33,000	33,000	62,585	(29,585)
Hotel/Motel administration	5,000	5,000	5,000	-
SIEG agent salary	50,000	50,000	44,373	5,627
Merit board	500	500	150	350
Social security	264,000	264,000	336,269	(72,269)
Health insurance	300,000	300,000	288,977	11,023
Computer Service	10,000	10,000	69,649	(59,649)
Contingencies	149,108	149,108	115,987	33,121
Loan repayment	550,000	550,000	465,000	85,000
Public service contracts	34,600	34,600	37,500	(2,900)
	<u>1,396,208</u>	<u>1,396,208</u>	<u>1,425,490</u>	<u>(29,282)</u>
Supervisor of Assessment				
Salary-Supervisor	44,000	44,000	43,535	465
Salary-Deputies	90,921	90,921	68,144	22,777
Salary- Part-time	-	-	6,631	(6,631)
Soil mapping	3,900	3,900	-	3,900
Travel	3,000	3,000	2,059	941
Postage	6,000	6,000	-	6,000
Publication of notices	12,000	12,000	4,465	7,535
Office supplies	2,500	2,500	1,138	1,362
Photocopy supplies	1,500	1,500	274	1,226
Equipment	1,000	1,000	-	1,000
Miscellaneous	325	325	325	-
	<u>165,146</u>	<u>165,146</u>	<u>126,571</u>	<u>38,575</u>
Elections				
Salaries	21,931	21,931	18,455	3,476
Postage	2,500	2,500	2,008	492
Publishing	7,000	7,000	5,918	1,082
Office supplies	65,000	65,000	64,343	657
Computer	6,300	6,300	4,704	1,596
Election polling places	500	500	1,287	(787)
Judge school	500	500	500	-
Judges pay, rent and mileage	26,000	26,000	28,303	(2,303)
	<u>129,731</u>	<u>129,731</u>	<u>125,518</u>	<u>4,213</u>
Total general government	\$ 1,986,999	\$ 1,986,999	\$ 1,930,596	\$ 56,403

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS (CONTINUED)
GENERAL FUND
November 30, 2012

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
PUBLIC SAFETY				
Sheriff's Department				
Salary-Sheriff	\$ 56,185	\$ 56,185	\$ 56,045	\$ 140
Salary-Deputies	212,818	212,818	209,156	3,662
Salary-Public Safety	1,500	1,500	1,579	(79)
Salary-Secretary	35,919	35,919	34,963	956
Salary-Custodian	28,067	28,067	27,931	136
Salary-Other	38,000	38,000	32,986	5,014
Salary-Civil Process Server	7,500	7,500	6,512	988
Salary-Holiday Buy Back	25,000	25,000	19,505	5,495
Salary-Custodial-part-time	800	800	485	315
Salary-Overtime	23,000	23,000	31,998	(8,998)
Uniforms	3,000	3,000	2,488	512
New Vehicle & equipment	46,000	46,000	46,075	(75)
Postage	1,200	1,200	734	466
Laundry Service	2,300	2,300	1,745	555
Travel-Transportation of prisoners	500	500	730	(230)
Sheriff dues	2,000	2,000	2,020	(20)
Food-Prisoners	800	800	685	115
Office Supplies	3,500	3,500	24,540	(21,040)
Gasoline	55,000	55,000	43,854	11,146
Repairs	20,000	20,000	27,571	(7,571)
Operating Supplies	7,000	7,000	6,202	798
Computer	7,000	7,000	7,144	(144)
Computer Maintenance	8,500	8,500	9,962	(1,462)
Photocopy Supplies	1,000	1,000	1,046	(46)
Ledgers and Binders	550	550	464	86
	587,139	587,139	596,420	(9,281)
County Coroner				
Salary-Coroner	11,910	11,910	10,536	1,374
Salary-Deputy	3,300	3,300	3,483	(183)
Telephone	600	600	163	437
Court Reporter	100	100	-	100
Dues	325	325	325	-
Training	750	750	282	468
Medical	10,800	10,800	11,324	(524)
Office supplies	300	300	-	300
Equipment	300	300	720	(420)
	28,385	28,385	26,833	1,552

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS (CONTINUED)
GENERAL FUND
November 30, 2012

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Courthouse and Jail				
Maintenance-building	\$ 20,000	\$ 20,000	\$ 30,184	\$ (10,184)
Housing prisoners	263,000	263,000	328,660	(65,660)
Juvenile detention	30,000	30,000	62,617	(32,617)
Telephone	30,000	30,000	92,113	(62,113)
Utilities	36,000	36,000	41,313	(5,313)
Laundry	200	200	-	200
	<u>379,200</u>	<u>379,200</u>	<u>554,887</u>	<u>(175,687)</u>
Emergency Services and Disaster Operations				
Salaries	12,875	12,875	11,389	1,486
Salaries-secretary	200	200	-	200
Maintenance vehicle	500	500	-	500
Telephone	1,500	1,500	1,452	48
Utilities	2,000	2,000	1,955	45
Travel	700	700	465	235
Postage	50	50	42	8
Dues	45	45	-	45
Training	500	500	-	500
Public service contracts	1,000	1,000	444	556
Office supplies	500	500	243	257
Gas and oil	400	400	396	4
Miscellaneous	1,000	1,000	865	135
Equipment	3,500	3,500	2,625	875
	<u>24,770</u>	<u>24,770</u>	<u>19,876</u>	<u>4,894</u>
Total Public Safety	<u>991,109</u>	<u>991,109</u>	<u>1,171,183</u>	<u>(180,074)</u>
CORRECTIONS				
Probation				
Union County share of area wide expense	<u>140,288</u>	<u>140,288</u>	<u>140,288</u>	<u>-</u>
Total Corrections	<u>140,288</u>	<u>140,288</u>	<u>140,288</u>	<u>-</u>

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS (CONTINUED)
GENERAL FUND
November 30, 2012

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
JUDICIARY AND LEGAL				
Circuit Clerk				
Salary-Circuit Clerk	\$ 54,000	\$ 54,000	\$ 53,568	\$ 432
Salary-Assistant Circuit Clerk	34,920	34,920	34,354	566
Salary-Deputy Clerk	152,339	152,339	121,678	30,661
Travel	500	500	294	206
Equipment	600	600	369	231
Office and Court Supplies	4,500	4,500	4,970	(470)
Postage and box rent	10,000	10,000	9,290	710
Photocopy supplies	1,100	1,100	340	760
Miscellaneous	350	350	-	350
Dues-Circuit Clerk	350	350	385	(35)
	258,659	258,659	225,248	33,411
Court Expense				
Postage	200	200	190	10
Legal services/court	130,000	130,000	141,271	(11,271)
Dues	400	400	400	-
Circuit court jurors	15,000	15,000	4,878	10,122
Office Supplies	1,200	1,200	959	241
Maintenance Contracts	1,200	1,200	1,200	-
Circuit court expense	1,200	1,200	758	442
Miscellaneous	500	500	183	317
Equipment	5,000	5,000	5,116	(116)
	154,700	154,700	154,955	(255)
State Attorney				
States Attorney salary	128,959	128,959	128,959	-
Secretary salary	59,914	59,914	56,764	3,150
Assistant States Attorney	58,710	58,710	57,826	884
Salary-part-time	18,867	18,867	27,080	(8,213)
Dues	1,000	1,000	-	1,000
Photocopy supplies	-	-	836	(836)
Office Supplies	4,500	4,500	3,589	911
Appellate Service	7,000	7,000	7,000	-
Travel	1,750	1,750	4,196	(2,446)
Postage	1,250	1,250	2,548	(1,298)
Miscellaneous	7,000	7,000	6,311	689
	288,950	288,950	295,109	(6,159)
Subtotal judiciary and legal carried forward	702,309	702,309	675,312	26,997

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS (CONTINUED)
GENERAL FUND
November 30, 2012

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Subtotal judiciary and legal carried forward	<u>\$ 702,309</u>	<u>\$ 702,309</u>	<u>\$ 675,312</u>	<u>\$ 26,997</u>
Judicial Security				
Salary	66,000	66,000	49,498	16,502
Travel	1,500	1,500	-	1,500
Laundry Services	400	400	-	400
Training	100	100	-	100
Uniforms	400	400	-	400
Equipment	400	400	-	400
	<u>68,800</u>	<u>68,800</u>	<u>49,498</u>	<u>19,302</u>
Total judiciary and legal	<u>771,109</u>	<u>771,109</u>	<u>724,810</u>	<u>46,299</u>
Total expenditures	<u>3,889,505</u>	<u>3,889,505</u>	<u>3,966,877</u>	<u>(77,372)</u>
Excess (Deficiency) of revenues over				
Expenditures	<u>(934,615)</u>	<u>(934,615)</u>	<u>2,407,121</u>	<u>3,496,480</u>
Other financing sources (uses):				
Operating transfers in (out)	<u>(137,000)</u>	<u>(137,000)</u>	<u>(36,000)</u>	<u>101,000</u>
Total other financing sources	<u>(137,000)</u>	<u>(137,000)</u>	<u>(36,000)</u>	<u>101,000</u>
Excess (Deficiency) of revenues and other				
Financing sources over expenditures	<u>(1,071,615)</u>	<u>(1,071,615)</u>	<u>2,371,121</u>	<u>3,597,480</u>

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS
MAJOR SPECIAL REVENUE FUNDS
November 30, 2012

	Liability Insurance				County Highway			
	Budgeted Amounts		Actual	Variance with Final Budget Positive(Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive(Negative)
	Original	Final			Original	Final		
Revenues								
Property and replacement taxes	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)	\$ 290,050	\$ 290,050	\$ 117,605	\$ (172,445)
Service fee, fines, licenses and commissions	-	-	-	-	140,000	140,000	81,901	(58,099)
Interest income	2,500	2,500	1,693	(807)	1,000	1,000	2,275	1,275
Equipment rental	-	-	-	-	560,000	560,000	412,832	(147,168)
Other receipts and reimbursements	-	-	50,000	50,000	38,650	38,650	212,786	174,136
	<u>27,500</u>	<u>27,500</u>	<u>51,693</u>	<u>24,193</u>	<u>1,029,700</u>	<u>1,029,700</u>	<u>827,399</u>	<u>(202,301)</u>
Expenses								
Highways and streets	-	-	-	-	979,001	979,001	780,926	198,075
Other expenditures and reimbursements	500,000	500,000	488,222	11,778	-	-	-	-
	<u>500,000</u>	<u>500,000</u>	<u>488,222</u>	<u>11,778</u>	<u>979,001</u>	<u>979,001</u>	<u>780,926</u>	<u>198,075</u>
Excess of revenues over expenditures	<u>(472,500)</u>	<u>(472,500)</u>	<u>(436,529)</u>	<u>12,415</u>	<u>50,699</u>	<u>50,699</u>	<u>46,473</u>	<u>(400,376)</u>
Other financing sources(uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	100,000	100,000	-	100,000
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Net change in fund balances	<u>(472,500)</u>	<u>(472,500)</u>	<u>(436,529)</u>	<u>12,415</u>	<u>150,699</u>	<u>150,699</u>	<u>46,473</u>	<u>(300,376)</u>
Fund balance, beginning of year			<u>1,081,107</u>				<u>105,638</u>	
Fund balance, end of year			<u>\$ 644,578</u>				<u>\$ 152,111</u>	

UNION COUNTY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE-CASH BASIS
MAJOR SPECIAL REVENUE FUNDS (CONTINUED)
November 30, 2012

	Revolving Loan Fund		
	Budgeted Amounts		Variance with Final
	Original	Final	Budget Positive(Negative)
Revenues			
Interest	\$ -	\$ -	\$ 8,811
	-	-	8,811
Expenses			
Administrative	-	-	-
	-	-	-
Excess of revenues over expenditures	-	-	8,811
Net change in fund balances	-	-	8,811
Fund balance, beginning of year			218,798
Fund balance, end of year			<u>\$ 227,609</u>

OTHER SUPPLEMENTARY INFORMATION

UNION COUNTY, ILLINOIS
COMBINING BALANCE SHEET-CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
November 30,2012

	Other General Government	Other Highways and Streets	Public Safety and Judiciary	Health & Welfare	Other	Debt Service Fund	Totals
Assets							
Cash and cash equivalents	\$ 40,479	\$ 633,811	\$ 323,526	\$ 26,674	\$ 146,546	\$ 5,848,743	\$ 7,019,779
Total Assets	<u>\$ 40,479</u>	<u>\$ 633,811</u>	<u>\$ 323,526</u>	<u>\$ 26,674</u>	<u>\$ 146,546</u>	<u>\$ 5,848,743</u>	<u>\$ 7,019,779</u>
Fund Balance							
Unreserved	<u>\$ 40,479</u>	<u>\$ 633,811</u>	<u>\$ 323,526</u>	<u>\$ 26,674</u>	<u>\$ 146,546</u>	<u>\$ 5,848,743</u>	<u>\$ 7,019,779</u>
Total Fund Balance	<u>\$ 40,479</u>	<u>\$ 633,811</u>	<u>\$ 323,526</u>	<u>\$ 26,674</u>	<u>\$ 146,546</u>	<u>\$ 5,848,743</u>	<u>\$ 7,019,779</u>

UNION COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
November 30,2012

	Other General Government	Other Highways and Streets	Public Safety and Judiciary	Health & Welfare	Other	Debt Service Fund	Totals
Revenues							
Public safety tax	\$ -	\$ -	\$ 230,073	\$ -	\$ -	\$ 1,026,339	\$ 1,256,412
Property and other taxes	-	315,483	-	-	256,182	282,073	853,738
Interest income	69	2,077	1,052	120	687	1,999	6,004
Fees and fines	48,421	-	136,767	-	-	-	185,188
Salary reimbursements	-	501,801	-	-	-	-	501,801
Motor fuel tax allotments	-	754,949	-	-	-	-	754,949
Grants and entitlements	-	-	36,958	-	-	-	36,958
Other revenues	-	6,280	106,482	33,571	22,091	11,582	180,006
Total Revenues	48,490	1,580,590	511,332	33,691	278,960	1,321,993	3,775,056
Expenditures							
Salaries and labor	-	403,831	445,759	25,431	11,872	-	886,893
Fringe benefits	-	54,317	98	3,069	451,007	-	508,491
Equipment purchases	-	-	155,473	-	1,008	-	156,481
Materials and supplies	-	-	21,082	36	-	-	21,118
Construction, repairs, and maintenance	-	992,163	-	-	-	7,373,200	8,365,363
Public health	-	-	-	17,306	-	-	17,306
Occupancy	-	-	-	7,832	-	-	7,832
Other expenditures	33,347	32,750	1,441	266	111,049	-	178,853
Total Expenditures	33,347	1,483,061	623,853	53,940	574,936	7,373,200	10,142,337
Excess(Deficiency) of revenue received							
Over expenditures disbursed	15,143	97,529	(112,521)	(20,249)	(295,976)	(6,051,207)	(6,367,281)
Other Financing Sources(Uses):							
Repayment of Debt	-	-	-	-	-	(869,846)	(869,846)
Transfers in	-	137,544	-	-	12,000	-	149,544
Transfers out	-	(137,544)	-	-	-	-	(137,544)
Total Other Financing Sources(Uses)	-	-	-	-	12,000	(869,846)	(857,846)
Net change in fund balances	15,143	97,529	(112,521)	(20,249)	(283,976)	(6,921,053)	(7,225,127)
Fund balance, December 1, 2011	25,336	536,282	436,047	46,923	430,522	12,769,796	14,244,906
Fund balance, November 30, 2012	\$ 40,479	\$ 633,811	\$ 323,526	\$ 26,674	\$ 146,546	\$ 5,848,743	\$ 7,019,779

UNION COUNTY, ILLINOIS
COMBINING BALANCE SHEET-CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-OTHER GENERAL GOVERNMENT
November 30,2012

	<u>Automation Fee Treasurer</u>	<u>Automation Fund County Clerk</u>	<u>GIS Fund</u>	<u>Totals</u>
Assets				
Cash and cash equivalents	<u>\$ 3,363</u>	<u>\$ 1,229</u>	<u>\$ 35,887</u>	<u>\$ 40,479</u>
Total Assets	<u><u>\$ 3,363</u></u>	<u><u>\$ 1,229</u></u>	<u><u>\$ 35,887</u></u>	<u><u>\$ 40,479</u></u>
 Fund Balance				
Unreserved	<u>\$ 3,363</u>	<u>\$ 1,229</u>	<u>\$ 35,887</u>	<u>\$ 40,479</u>
Total Fund Balance	<u><u>\$ 3,363</u></u>	<u><u>\$ 1,229</u></u>	<u><u>\$ 35,887</u></u>	<u><u>\$ 40,479</u></u>

UNION COUNTY, ILLINOIS
COMBINING BALANCE SHEET-CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-OTHER HIGHWAYS AND STREETS
November 30,2012

	<u>Hard Road</u>	<u>County Bridge</u>	<u>Federal Aid Matching</u>	<u>County Unit Road District</u>	<u>County Unit Road District - Bridge</u>	<u>County Motor Fuel Tax</u>	<u>County Unit Road District - MFT</u>	<u>Township Bridge</u>	<u>Totals</u>
Assets									
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 10,711</u>	<u>\$ 96,309</u>	<u>\$ 47,266</u>	<u>\$ 88,084</u>	<u>\$ 205,556</u>	<u>\$ 27,110</u>	<u>\$ 158,775</u>	<u>\$ 633,811</u>
Total Assets	<u><u>\$ -</u></u>	<u><u>\$ 10,711</u></u>	<u><u>\$ 96,309</u></u>	<u><u>\$ 47,266</u></u>	<u><u>\$ 88,084</u></u>	<u><u>\$ 205,556</u></u>	<u><u>\$ 27,110</u></u>	<u><u>\$ 158,775</u></u>	<u><u>\$ 633,811</u></u>
Fund Balance									
Unreserved	<u>\$ -</u>	<u>\$ 10,711</u>	<u>\$ 96,309</u>	<u>\$ 47,266</u>	<u>\$ 88,084</u>	<u>\$ 205,556</u>	<u>\$ 27,110</u>	<u>\$ 158,775</u>	<u>\$ 633,811</u>
Total Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ 10,711</u></u>	<u><u>\$ 96,309</u></u>	<u><u>\$ 47,266</u></u>	<u><u>\$ 88,084</u></u>	<u><u>\$ 205,556</u></u>	<u><u>\$ 27,110</u></u>	<u><u>\$ 158,775</u></u>	<u><u>\$ 633,811</u></u>

UNION COUNTY, ILLINOIS
COMBINING BALANCE SHEET-CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-PUBLIC SAFETY AND JUDICIARY
November 30,2012

	Public Safety	Law Enforcement Drug Fund	Court Automation Fee	Law Library	State's Attorney Drug Fund	Court Document Storage	Sheriff's DUI Fund	Totals
Assets								
Cash and cash equivalents	\$ 20,075	\$ 45,122	\$ 101,088	\$ 2,072	\$ 3,014	\$ 139,318	\$ 12,837	\$ 323,526
Total Assets	<u>\$ 20,075</u>	<u>\$ 45,122</u>	<u>\$ 101,088</u>	<u>\$ 2,072</u>	<u>\$ 3,014</u>	<u>\$ 139,318</u>	<u>\$ 12,837</u>	<u>\$ 323,526</u>
Fund Balance								
Unreserved	<u>\$ 20,075</u>	<u>\$ 45,122</u>	<u>\$ 101,088</u>	<u>\$ 2,072</u>	<u>\$ 3,014</u>	<u>\$ 139,318</u>	<u>\$ 12,837</u>	<u>\$ 323,526</u>
Total Fund Balance	<u>\$ 20,075</u>	<u>\$ 45,122</u>	<u>\$ 101,088</u>	<u>\$ 2,072</u>	<u>\$ 3,014</u>	<u>\$ 139,318</u>	<u>\$ 12,837</u>	<u>\$ 323,526</u>

UNION COUNTY, ILLINOIS
COMBINING BALANCE SHEET-CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-HEALTH AND WELFARE
November 30,2012

	Southern Seven Health Fund	General Assistance	Tuberculosis	Arrestee Medical Cost Fund	Totals
Assets					
Cash and cash equivalents	\$ -	\$ 2,942	\$ 865	\$ 22,867	\$ 26,674
Total Assets	<u>\$ -</u>	<u>\$ 2,942</u>	<u>\$ 865</u>	<u>\$ 22,867</u>	<u>\$ 26,674</u>
Fund Balance					
Unreserved	<u>\$ -</u>	<u>\$ 2,942</u>	<u>\$ 865</u>	<u>\$ 22,867</u>	<u>\$ 26,674</u>
Total Fund Balance	<u>\$ -</u>	<u>\$ 2,942</u>	<u>\$ 865</u>	<u>\$ 22,867</u>	<u>\$ 26,674</u>

UNION COUNTY, ILLINOIS
COMBINING BALANCE SHEET-CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-OTHER
November 30,2012

	Illinois Municipal Retirement	Cooperative Extension Fund	County Tourism	Indemnity Fund	Hotel/ Motel Tax	Cemetery Fund	Totals
Assets							
Cash and cash equivalents	\$ 70,835	\$ 12,557	\$ 22,546	\$ 39,609	\$ 560	\$ 439	\$ 146,546
Total Assets	<u>\$ 70,835</u>	<u>\$ 12,557</u>	<u>\$ 22,546</u>	<u>\$ 39,609</u>	<u>\$ 560</u>	<u>\$ 439</u>	<u>\$ 146,546</u>
Fund Balance							
Unreserved	\$ 70,835	\$ 12,557	\$ 22,546	\$ 39,609	\$ 560	\$ 439	\$ 146,546
Total Fund Balance	<u>\$ 70,835</u>	<u>\$ 12,557</u>	<u>\$ 22,546</u>	<u>\$ 39,609</u>	<u>\$ 560</u>	<u>\$ 439</u>	<u>\$ 146,546</u>

UNION COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-OTHER GENERAL GOVERNMENT
November 30,2012

	Automation Fee Treasurer	Automation Fund County Clerk	GIS Fund	Totals
Revenues Received				
Fees and fines	\$ 2,907	\$ 17,770	\$ 27,744	\$ 48,421
Interest income	39	30	-	69
Other revenues	-	-	-	-
Total Revenues	<u>2,946</u>	<u>17,800</u>	<u>27,744</u>	<u>48,490</u>
Expenditures				
Salaries and labor	-	-	-	-
Other expenditures and reimbursements	<u>11,330</u>	<u>19,725</u>	<u>2,292</u>	<u>33,347</u>
Total Expenditures	<u>11,330</u>	<u>19,725</u>	<u>2,292</u>	<u>33,347</u>
Excess (Deficiency) of revenue received over expenditures disbursed	(8,384)	(1,925)	25,452	15,143
Fund balance, December 1, 2011	<u>11,747</u>	<u>3,154</u>	<u>10,435</u>	<u>25,336</u>
Fund balance, November 30, 2012	<u>\$ 3,363</u>	<u>\$ 1,229</u>	<u>\$ 35,887</u>	<u>\$ 40,479</u>

UNION COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-OTHER HIGHWAYS AND STREETS
November 30,2012

	Hard Road	County Bridge	Federal Aid Matching	County Unit Road District	County Unit Road District - Bridge	County Motor Fuel Tax	County Unit Road District - MFT	Township Bridge	Totals
Revenues									
Property and replacement tax	\$ -	\$ 40,143	\$ 45,794	\$ 115,203	\$ 114,343	\$ -	\$ -	\$ -	\$ 315,483
Interest income	-	163	264	225	106	739	322	258	2,077
Salary reimbursements	-	-	-	2,088	27,776	125,692	257,464	88,781	501,801
Motor fuel tax allotments	-	-	-	-	-	289,175	465,774	-	754,949
Other revenues	-	-	-	1,307	-	-	4,973	-	6,280
Total Revenues	-	40,306	46,058	118,823	142,225	415,606	728,533	89,039	1,580,590
Expenditures									
Salaries and labor	-	7,452	-	9,026	15,837	153,382	218,134	-	403,831
Fringe benefits	-	548	-	-	3,581	11,757	38,431	-	54,317
Construction, maintenance, and repairs	-	74,979	17,462	45,017	44,369	164,051	605,902	40,383	992,163
Other expenditures	-	-	5,000	27,750	-	-	-	-	32,750
Total Expenditures	-	82,979	22,462	81,793	63,787	329,190	862,467	40,383	1,483,061
Excess(Deficiency) of revenue received									
Over expenditures disbursed	-	(42,673)	23,596	37,030	78,438	86,416	(133,934)	48,656	97,529
Other Financing Sources(Uses):									
Transfers in	-	-	-	-	-	-	80,000	57,544	137,544
Transfers out	(57,544)	-	-	-	-	(80,000)	-	-	(137,544)
Total Other Financing Sources(Uses)	(57,544)	-	-	-	-	(80,000)	80,000	57,544	-
Net change in fund balances	(57,544)	(42,673)	23,596	37,030	78,438	6,416	(53,934)	106,200	97,529
Fund balance, December 1, 2011	57,544	53,384	72,713	10,236	9,646	199,140	81,044	52,575	536,282
Fund balance, November 30, 2012	\$ -	\$ 10,711	\$ 96,309	\$ 47,266	\$ 88,084	\$ 205,556	\$ 27,110	\$ 158,775	\$ 633,811

UNION COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-PUBLIC SAFETY AND JUDICIARY
November 30,2012

	Public Safety	Law Enforcement Drug Fund	Court Automation Fee	Law Library	State's Attorney Drug Fund	Court Document Storage	Sheriff's DUI Fund	Totals
Revenues								
Public safety tax	\$ 230,073	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 230,073
Interest income	236	-	387	6	9	414	-	1,052
Fees and fines	-	-	62,952	16,650	-	54,787	2,378	136,767
Grants and entitlements	-	36,958	-	-	-	-	-	36,958
Other revenues	90,000	14,510	-	-	1,907	-	65	106,482
Total Revenues	<u>320,309</u>	<u>51,468</u>	<u>63,339</u>	<u>16,656</u>	<u>1,916</u>	<u>55,201</u>	<u>2,443</u>	<u>511,332</u>
Expenditures								
Salaries and labor	354,923	30,633	31,861	-	-	28,342	-	445,759
Fringe benefits	-	98	-	-	-	-	-	98
Equipment purchases	-	3,128	97,001	-	125	53,006	2,213	155,473
Materials and supplies	-	-	5,965	15,117	-	-	-	21,082
Other expenditures	-	1,441	-	-	-	-	-	1,441
Total Expenditures	<u>354,923</u>	<u>35,300</u>	<u>134,827</u>	<u>15,117</u>	<u>125</u>	<u>81,348</u>	<u>2,213</u>	<u>623,853</u>
Excess(Deficiency) of revenue received								
Over expenditures disbursed	<u>(34,614)</u>	<u>16,168</u>	<u>(71,488)</u>	<u>1,539</u>	<u>1,791</u>	<u>(26,147)</u>	<u>230</u>	<u>(112,521)</u>
Other Financing Sources(Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(34,614)	16,168	(71,488)	1,539	1,791	(26,147)	230	(112,521)
Fund balance, December 1, 2011	<u>54,689</u>	<u>28,954</u>	<u>172,576</u>	<u>533</u>	<u>1,223</u>	<u>165,465</u>	<u>12,607</u>	<u>436,047</u>
Fund balance, November 30, 2012	<u>\$ 20,075</u>	<u>\$ 45,122</u>	<u>\$ 101,088</u>	<u>\$ 2,072</u>	<u>\$ 3,014</u>	<u>\$ 139,318</u>	<u>\$ 12,837</u>	<u>\$ 323,526</u>

UNION COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-HEALTH AND WELFARE
November 30,2012

	Southern Seven Health Fund	General Assistance	Tuberculosis	Arrestee Medical Cost Fund	Totals
Revenues					
Property and replacement tax	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	6	7	4	103	120
Other revenues	-	29,819	-	3,752	33,571
Total Revenues	<u>6</u>	<u>29,826</u>	<u>4</u>	<u>3,855</u>	<u>33,691</u>
Expenditures					
Salaries and labor	-	25,431	-	-	25,431
Fringe benefits	-	3,069	-	-	3,069
Occupancy	-	7,832	-	-	7,832
Materials and supplies	-	36	-	-	36
Public health	17,306	-	-	-	17,306
Other expenditures	-	266	-	-	266
Total Expenditures	<u>17,306</u>	<u>36,634</u>	<u>-</u>	<u>-</u>	<u>53,940</u>
Excess(Deficiency) of revenue received					
Over expenditures disbursed	<u>(17,300)</u>	<u>(6,808)</u>	<u>4</u>	<u>3,855</u>	<u>(20,249)</u>
Fund balance, December 1, 2011	<u>17,300</u>	<u>9,750</u>	<u>861</u>	<u>19,012</u>	<u>46,923</u>
Fund balance, November 30, 2012	<u>\$ -</u>	<u>\$ 2,942</u>	<u>\$ 865</u>	<u>\$ 22,867</u>	<u>\$ 26,674</u>

UNION COUNTY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS-OTHER
November 30,2012

	Illinois Municipal Retirement	Cooperative Extension Fund	County Tourism	Indemnity Fund	Hotel/ Motel Tax	Cemetery Fund	Totals
Revenues							
Property and other taxes	\$ 152,786	\$ 31,553	\$ 71,843	\$ -	\$ -	\$ -	\$256,182
Interest income	492	-	85	102	2	6	687
Fees and fines	-	-	-	-	-	-	-
Other revenues	22,091	-	-	-	-	-	22,091
Total Revenues	<u>175,369</u>	<u>31,553</u>	<u>71,928</u>	<u>102</u>	<u>2</u>	<u>6</u>	<u>278,960</u>
Expenditures							
Salaries and labor	-	-	-	-	-	11,872	11,872
Fringe benefits	451,007	-	-	-	-	-	451,007
Equipment purchases	-	-	-	-	-	1,008	1,008
Other expenditures	-	43,555	67,494	-	-	-	111,049
Total Expenditures	<u>451,007</u>	<u>43,555</u>	<u>67,494</u>	<u>-</u>	<u>-</u>	<u>12,880</u>	<u>574,936</u>
Excess(Deficiency) of revenue received							
Over expenditures disbursed	<u>(275,638)</u>	<u>(12,002)</u>	<u>4,434</u>	<u>102</u>	<u>2</u>	<u>(12,874)</u>	<u>(295,976)</u>
Other Financing Sources(Uses):							
Transfers in	-	-	-	-	-	12,000	12,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>12,000</u>
Net change in fund balances	(275,638)	(12,002)	4,434	102	2	(874)	(283,976)
Fund balance, December 1, 2011	<u>346,473</u>	<u>24,559</u>	<u>18,112</u>	<u>39,507</u>	<u>558</u>	<u>1,313</u>	<u>430,522</u>
Fund balance, November 30, 2012	<u>\$ 70,835</u>	<u>\$ 12,557</u>	<u>\$ 22,546</u>	<u>\$ 39,609</u>	<u>\$ 560</u>	<u>\$ 439</u>	<u>\$ 146,546</u>

IMRF TREND INFORMATION

UNION COUNTY, ILLINOIS
IMRF REQUIRED SUPPLEMENTAL INFORMATION
ELECTED COUNTY OFFICIALS

TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	55,893	100%	\$ -
12/31/2011	52,418	100%	\$ -
12/31/2010	50,064	100%	\$ -
12/31/2009	48,512	100%	\$ -
12/31/2008	83,616	100%	\$ -
12/31/2007	111,713	100%	\$ -
12/31/2006	102,004	100%	\$ -
12/31/2005	93,221	100%	\$ -
12/31/2004	101,159	100%	\$ -
12/31/2003	92,845	100%	\$ -

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage
12/31/2012	1,088,622	1,628,751	540,129	66.84%	317,859	169.93%
12/31/2011	1,059,185	1,582,462	523,277	66.93%	309,733	168.94%
12/31/2010	1,279,965	1,613,672	333,707	79.32%	379,481	87.94%
12/31/2009	1,240,279	1,466,736	226,460	84.56%	385,324	58.77%
12/31/2008	1,562,816	1,628,478	65,662	95.97%	376,141	17.46%
12/31/2007	1,642,774	1,366,115	(276,659)	120.25%	338,114	0.00%
12/31/2006	1,507,027	1,765,859	258,832	85.34%	348,970	74.17%
12/31/2005	1,217,937	1,829,340	611,403	66.58%	301,297	202.92%
12/31/2004	1,162,042	1,824,790	662,748	63.68%	349,427	189.67%
12/31/2003	1,093,531	1,835,208	741,677	59.59%	343,617	215.84%

UNION COUNTY, ILLINOIS
IMRF REQUIRED SUPPLEMENTAL INFORMATION
SHERIFF'S LAW ENFORCEMENT PERSONNEL (SLEP)

TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	18,526	100%	\$ -
12/31/2011	18,395	100%	\$ -
12/31/2010	18,713	100%	\$ -
12/31/2009	16,257	100%	\$ -
12/31/2008	38,871	100%	\$ -
12/31/2007	78,247	100%	\$ -
12/31/2006	67,584	100%	\$ -
12/31/2005	64,057	100%	\$ -
12/31/2004	29,408	100%	\$ -
12/31/2003	30,722	100%	\$ -

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage
12/31/2012	1,618,419	1,492,334	(126,085)	108.45%	480,955	0.00%
12/31/2011	1,488,974	1,222,804	(266,170)	121.77%	421,901	0.00%
12/31/2010	2,344,124	2,645,738	301,614	88.60%	631,792	47.74%
12/31/2009	2,038,369	2,706,321	667,952	75.32%	622,858	107.24%
12/31/2008	2,366,028	2,345,964	(20,064)	100.86%	560,909	0.00%
12/31/2007	2,347,612	2,129,927	(217,685)	110.22%	588,763	0.00%
12/31/2006	2,136,963	2,045,499	(91,464)	104.47%	513,166	0.00%
12/31/2005	1,964,550	1,942,270	(22,280)	101.15%	450,428	0.00%
12/31/2004	1,770,403	1,751,479	(18,924)	101.08%	453,131	0.00%
12/31/2003	1,680,122	1,721,449	41,327	97.60%	491,551	8.14%

UNION COUNTY, ILLINOIS
IMRF REQUIRED SUPPLEMENTAL INFORMATION
ALL OTHER IMRF PERSONNEL

TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	206,793	100%	\$ -
12/31/2011	204,010	100%	\$ -
12/31/2010	217,411	100%	\$ -
12/31/2009	212,923	100%	\$ -
12/31/2008	215,363	100%	\$ -
12/31/2007	209,724	100%	\$ -
12/31/2006	191,895	100%	\$ -
12/31/2005	183,459	100%	\$ -
12/31/2004	143,116	100%	\$ -
12/31/2003	186,729	100%	\$ -

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage
12/31/2012	5,301,422	5,569,288	267,866	95.19%	1,997,180	14.41%
12/31/2011	4,790,799	4,820,381	29,582	99.39%	1,742,183	1.70%
12/31/2010	5,671,413	6,947,822	1,276,409	81.63%	2,203,983	57.91%
12/31/2009	5,489,200	7,024,885	1,535,685	78.14%	2,190,571	70.10%
12/31/2008	6,202,015	6,534,826	332,811	94.91%	2,094,967	15.89%
12/31/2007	5,845,624	6,309,255	463,631	92.65%	1,980,401	23.41%
12/31/2006	5,535,035	6,155,533	620,498	89.92%	1,960,113	31.66%
12/31/2005	5,255,058	5,933,678	678,620	88.56%	2,033,912	33.37%
12/31/2004	5,220,666	5,598,375	377,709	93.25%	1,880,629	20.08%
12/31/2003	5,342,025	5,454,071	112,046	97.95%	1,891,886	5.92%

APPENDIX C
Form of Bond Counsel Opinion

[Issue Date], 2014

The County of Union, Illinois
\$2,040,000 General Obligation Refunding Limited Bonds
Series 2014

We hereby certify that we have acted as bond counsel for, and have examined, among other things, a certified copy of the proceedings of the Board of Commissioners of The County of Union, Illinois (the “**County**”), in connection with the issuance by the County of its General Obligation Refunding Limited Bonds, Series 2014 (the “**Bonds**”), issued in fully registered form in the aggregate principal amount of \$2,040,000, dated [Issue Date], 2014, bearing interest and maturing in the principal amount on December 1 in each year, as follows:

<u>Year</u>	<u>Principal Amount(\$)</u>	<u>Interest Rate(%)</u>
2014	120,000	2.00
2015	140,000	2.00
2016	145,000	2.00
2017	145,000	2.00
2018	150,000	2.50
2019	155,000	2.50
2020	160,000	3.50
2021	165,000	3.50
2022	170,000	3.60
2023	175,000	3.85
2024	185,000	4.00
2025	190,000	4.10
2026	140,000	4.20

The Bonds bear interest payable on each June 1 and December 1, commencing December 1, 2014 at the rates percent per annum set forth above.

Bonds maturing on and after December 1, 2023 are subject to redemption and prepayment prior to maturity in the principal amount from such maturities or in any order of maturity designated by the County (but in inverse order if there is no designation) at the option of the County, in whole at any time or in part (if in part, in integral multiples of \$5,000), selected by lot within a maturity, on any date on and after December 1, 2022, at a redemption price equal to the principal amount of Bonds being redeemed together with accrued interest to the date fixed for redemption.

The Bonds are issued as general obligation “**limited bonds**” under the Local Government Debt Reform Act, payable from levies of taxes without limit as to rate, but limited as to amount as “**limited bonds**” as provided in the Local Government Debt Reform Act. the

Bonds are issued to refinance the County's participation in a self-insurance program by refunding outstanding general obligation alternate self-insurance bonds.

Both principal of and interest on the Bonds are payable by check or draft on County funds by Hometown National Bank, in LaSalle, Illinois (including its successors, the **"Paying Agent"**). Interest on the Bonds is payable by check or draft to the order of the registered owners thereof, and mailed to such registered owners at their addresses as they appear on the registration books kept by Hometown National Bank, as Registrar (including its successors, the **"Bond Registrar"**), at the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding each interest payment date. Payment of the principal of the Bonds shall be made only upon presentation and surrender thereof to the Paying Agent.

The Bonds are subject to redemption and prepayment prior to their maturity, at the option of the County, at the times, at the redemption prices, and subject to the conditions set forth in the authorizing ordinance of the County adopted January 24, 2014, pursuant to which the Bonds are issued (the **"Ordinance"**). The Bonds recite that they are issued under authority of the Local Governmental and Governmental Employees Tort Immunity Act (745 ILCS 10/1-101 *et. seq.*), and the Counties Code (55 ILCS 5/1-1 *et. seq.*), as supplemented and amended, for the purpose of providing funds to refinance the County's costs of establishing a self- insurance program, including pursuant to a joint self-insurance Trust Agreement between the members of the Southern Illinois Counties Insurance Trust (**"SICIT"**), of which the County is presently a Member, and the trustees named therein.

In rendering this opinion, we have assumed that the proceeds of the Bonds will be applied and invested in accordance with the provisions of the Ordinance and as set forth in related agreements and certificates of the County and the Trust. In addition, we have examined originals or certified copies of such other instruments, certificates and documents of the County and SICIT as we have deemed necessary or appropriate for the purposes of this opinion. In connection with such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have relied upon opinions of counsel and applicable certificates.

Based on such examination, we are of the opinion that:

(1) The proceedings show lawful authority for the issuance of the Bonds under the laws of the State of Illinois now in force.

(2) The Bonds are valid and legally binding general obligation limited bonds of the County, payable, both as to principal and interest, from taxes levied without limitation as to rate but limited as to amount as limited bonds on all property taxable for such purposes in the County.

(3) Under existing statutes, regulations, rulings and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes. We are also of the opinion that the Bonds are not arbitrage bonds within the meaning of Sections 103(b)(2) or 148

of the Internal Revenue Code of 1986, as amended (the “**Code**”), or private activity Bonds within the meaning of Section 141 of the Code or hedge bonds within the meaning of Section 149(g) of the Code. The interest on the Bonds may become includable in gross income retroactive to the date of issuance if the County fails to comply, as covenanted in various documents executed on behalf of the County in connection with the issuance of the Bonds, with certain requirements of the Code which must be satisfied subsequent to the issuance of the Bonds. Such subsequent requirements relate to, among other things, the use, expenditure and investment of Bond proceeds and the timely payment of certain investment earnings to the United States.

(4) Interest on the Bonds is not an item of tax preference for purposes of determining alternative minimum taxable income for individuals and corporations under the Code. However, interest on the Bonds is included in determining adjusted current earnings of a corporation, and thus interest on the Bonds is includable in the tax base for computing a corporation’s liability with respect to the alternative minimum tax imposed on corporations. Additionally, Treasury Regulations require certain S corporations to include interest on the Bonds in determining their excess net passive income subject to the regular corporate income tax under Section 1375 of the Code. Also, interest on the Bonds may be subject to a branch profits tax when held by certain foreign corporations.

(5) Ownership of tax-exempt obligations such as the Bonds may have collateral, adverse federal income tax consequences to property and casualty insurance companies, individual recipients of social security or railroad retirement benefits or taxpayers deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations.

(6) The interest on the Bonds is not exempt from income taxation by the State of Illinois.

(7) We are also of the opinion that the Bonds constitute “**qualified tax-exempt obligations**” under Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished in connection with the Official Statement related to the Bonds.

In rendering this opinion, we have relied upon certifications of the County with respect to certain material facts within the County’s knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectively yours,

APPENDIX D

Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer